DISTRIBUTION LIST

$1,910,000
NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012
(WEST VIRGINIA INFRASTRUCTURE FUND)

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WATER REVENUE BOND, SERIES 2012
(WEST VIRGINIA INFRASTRUCTURE FUND)

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33. 2005 Bond Resolution.

34. Grant from Governor's Contingency Fund.

35. Rural Development's Consent to Issuance of Parity Bond.

36. Water Development Authority Consent to Issuance of Parity Bond.

37. Closing Memorandum.

38. Evidence of Insurance.

39. UCC-1 Financing Statement.

40. Water Purchase Agreement with City of Ravenswood.

41. Copies of Statutory Authorities.

The Pre-Closing of the sale of $1,910,000 in aggregate principal amount of Northern Jackson County Public Service District, Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund), will take place at the West Virginia Water Development Authority's office in Charleston, West Virginia, at 2:00 p.m., Eastern Time, on July 23, 2012. The Closing of the Series 2012 Bond will occur on July 24, 2012.

No transaction shall be deemed to have been completed and no documents shall be deemed to have been delivered unless and until all transactions are complete and all documents are delivered. Any document, which references an Exhibit or Schedule to be attached thereto, shall be considered completed and attached if the referenced Exhibit or Schedule appears elsewhere in this Transcript.

NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BOND,
SERIES 2012 (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
AUTHORIZING PAYMENT OF THE SERIES 2009 NOTE AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,910,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BOND, SERIES 2012 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BOND; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BOND; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENT RELATING TO SUCH BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 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. Northern Jackson County Public Service District (the "Issuer") is a public service district, public corporation and political subdivision of the State of West Virginia in Jackson County of said State.

B. The Issuer presently owns and operates a public water 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 an extension of water service to the areas of Lockhart Fork and

Medina, consisting of the construction of approximately 45,000 l.f. of 6-inch waterline, 2,500 l.f. of 4-inch waterline, 2,000 l.f. of 2-inch waterline, one pressure reducing station, and necessary appurtenances to serve 55 users (55 EDU) in the proposed service area (collectively, the "Project"), which constitute public service properties for the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (the existing public water facilities of the Issuer, 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 bond to be purchased by the West Virginia Water Development Authority (the "Authority"), for the benefit of the West Virginia Infrastructure and Jobs Development Council (the "Council"), pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bond in the aggregate principal amount of not more than $1,910,000, in one series (the "Series 2012 Bond"), being the Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Such costs shall be deemed to include the cost of acquisition and construction of any public service properties and any improvements and extensions thereto, the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, on the Series 2012 Bond 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 respective Reserve Account for the Series 2012 Bond (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 2012 Bond 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 2012 Bond 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 (i) the Series 2012 Bond be sold to the Authority pursuant to the terms and provisions of a Loan Agreement by and between the

Issuer and the Authority, on behalf of the Council, in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. The Issuer has the following obligations outstanding: (1) Taxable Water Revenue Bond, Series 1995, dated December 14, 1995 (the "1995 Bond"), issued in the original principal amount of $125,000, (2) Water Revenue Bond, Series 1999, dated June 24, 1999 (the "1999 Bond"), issued in the original principal amount of $710,000, (3) Water Revenue Bond, Series 2005A (West Virginia Infrastructure Fund), dated June 23, 2005 (the "2005A Bond"), issued in the original principal amount of $2,035,472, (4) Water Revenue Bond, Series 2005B (Rural Utilities Service), dated June 23, 2005 (the "2005B Bond"), issued in the original principal amount of $950,000, (5) Water Revenue Bond, Series 2005C (Rural Utilities Service), dated June 23, 2005 (the "2005C Bond"), issued in the original principal amount of $113,000, and (6) Water System Design Note, Series 2009 A (West Virginia WDA Fund), dated October 30, 2009 (the "2009 Note"), issued in the original principal amount of $110,000. The 1995 Bond, the 1999 Bond, the 2005A Bond, the 2005B Bond and the 2005C Bond are hereinafter collectively called the "Prior Bonds." Simultaneously with the issuance of the Series 2012 Bond, the Issuer will pay in full the entire outstanding principal of and all accrued interest on the 2009 Note and the Series 2012 Bond will be issued on a parity with the Prior Bonds.

The Series 2012 Bond shall be issued on 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 2012 Bond, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Registered Owner of the Prior Bonds to the issuance of the Series 2012 Bond on a parity with the Prior Bonds. After the payment of the 2009 Note and other than the Prior Bonds, there are no other 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 Operating Expenses of the System, the principal of and interest, if any, on the Series 2012 Bond and the Prior Bonds and 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 the issuance of the Series 2012 Bond, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the Council and 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 (the "PSC") by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2012 Bond 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 Code of West Virginia, 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2012 Bond 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 2012 Bond, 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 Code of West Virginia, 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 2012 Bond, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Chairperson of the Governing Body of the Issuer or any temporary Acting Chairperson duly elected by the Governing Body.

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

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

"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.

"Bonds" means, collectively, the Series 2012 Bond, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 2012 Bond for all or a portion of the proceeds of the Series 2012 Bond.

"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 Boyles and Hildreth, Spencer, 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 Code of West Virginia, 1931, as amended.

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

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

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

"Depreciation Fund" means the Depreciation Fund created by the Prior Resolutions and continued by Section 5.01 hereof.

"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.

"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:

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, 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.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

"Issuer" means Northern Jackson County Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Jackson 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 2012 Bond 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 2012 Bond, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. 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 2012 Bond, 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 as defined in Section 148(b) of the Code that is not a purpose investment.

"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 the Depreciation Fund 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 canceled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Registered Owners, any Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2012 Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Issuer's Taxable Water Revenue Bond, Series 1995, dated December 14, 1995, issued in the original principal amount of $125,000, the Water Revenue Bond, Series 1999, dated June 24, 1999, issued in the original principal amount of $710,000, the Water Revenue Bond, Series 2005A (West Virginia Infrastructure Fund), dated June 23, 2005, issued in the original principal amount of $2,035,472, the Water Revenue Bond, Series 2005B (Rural Utilities Service), dated June 23, 2005, issued in the original principal amount of $950,000, and the Water Revenue Bond, Series 2005C (Rural Utilities Service), dated June 23, 2005, issued in the original principal amount of $113,000.

"Prior Resolutions" means, collectively, the resolutions of the Issuer adopted December 14, 1995, June 24, 1999, and June 21, 2005, 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.

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

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

"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.

"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 reserve accounts of the Series 2012 Bond and the Prior Bonds.

"Reserve Requirements" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts.

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

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

Series 2009 Note means the Water System Design Note, Series 2009 A (West Virginia WDA Fund), dated October 30, 2009, issued in the original principal amount of $110,000.

"Series 2012 Bond Construction Trust Fund" means the Series 2012 Bond Construction Trust Fund created by Section 5.01 hereof.

"Series 2012 Bond" means the Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2012 Bond Reserve Account" means the Series 2012 Bond Reserve Account created by Section 5.02 hereof.

"Series 2012 Bond Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2012 Bond in the then current or any succeeding year.

"Series 2012 Bond Sinking Fund" means the Series 2012 Bond Sinking Fund created by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds of the Series 2012 Bond and the Prior Bonds.

"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 2012 Bond; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2012 Bond, 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 Sinking Funds, the Reserve Accounts and the Depreciation Fund.

"System" means the complete public service properties of the Issuer for the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for the System from any sources whatsoever.

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

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the Code of West Virginia, 1931, as amended and in effect on the date of adoption hereof.

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairperson or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairperson or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project; Authorization of Payment of the Series 2009 Note.

A. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $2,300,000, 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 2012 Bond 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, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated to be $2,300,000, of which $1,910,000 will be obtained from proceeds of the Series 2012 Bond and $390,000 will be obtained from a grant from the Governor's Contingency Fund.

B. The payment of the Series 2009 Note is hereby authorized from a portion of the proceeds of the Series 2012 Bond.

ARTICLE III

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

Section 3.01. Authorization of Bond. For the purposes of paying the Series 2009 Note, funding the Reserve Account for the Series 2012 Bond, paying Costs of the Project not otherwise provided for, and paying certain costs of issuance of the Series 2012 Bond 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 the Series 2012 Bond of the Issuer. The Series 2012 Bond shall be issued in one series, as a single bond, designated as "Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund)," in the principal amount of not more than $1,910,000, and the Series 2012 Bond shall have such terms as set forth hereinafter

and in the Supplemental Resolution. The proceeds of the Series 2012 Bond remaining after paying the Series 2009 Note, funding the Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2012 Bond, if any, shall be deposited in or credited to the Series 2012 Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bond. The Series 2012 Bond shall be issued in such principal amount; shall bear interest, if any, at such rate or rates, not exceeding the 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 2012 Bond 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 2012 Bond, 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 2012 Bond 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 2012 Bond. The Series 2012 Bond 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 have such terms as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bond. The Series 2012 Bond shall be executed in the name of the Issuer by the Chairperson, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2012 Bond shall cease to be such officer of the Issuer before the Series 2012 Bond 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 2012 Bond 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. Bond Registrar; Authentication and Registration. The Bond Registrar for the Series 2012 Bond shall be the bank or other entity to be designated as such in

the Supplemental Resolution and its successors and assigns. No such Bonds 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 hereof, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any such Bonds 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 such Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2012 Bond 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 Registered Owner, in accepting the Series 2012 Bond 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 Registered Owner shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide registered owner for value.

So long as the Series 2012 Bond remains 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 2012 Bond 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 2012 Bond or transferring the registered Series 2012 Bond is exercised, all such Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All such Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of such 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 such Bonds or, in the case of any proposed redemption of such 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. Bond Mutilated, Destroyed, Stolen or Lost. In case the Series 2012 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 Registered Owner'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. Bond not to be Indebtedness of the Issuer. The Series 2012 Bond shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Registered Owner of such Bond shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay such Bonds or the interest, if any, thereon.

Section 3.08. Bond Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2012 Bond shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues, on parity with the lien on the Net Revenues in favor of the Registered Owners of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2012 Bond and the Prior Bonds and to make all other payments provided for in the Bond Legislation and the Prior Resolutions, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bond. The Issuer shall execute and deliver the Series 2012 Bond to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2012 Bond to the original purchaser upon receipt of a request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver such Bond to the original purchaser.

Section 3.10. Form of Bond. The text of the Series 2012 Bond shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2012 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1 $1,910,000

KNOW ALL MEN BY THESE PRESENTS: That NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Jackson 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 NINE HUNDRED TEN THOUSAND DOLLARS ($1,910,000), 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 _____ 1, 201_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may 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 July __, 2012.

This Bond is issued (i) to pay the Series 2009 Note; (ii) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements 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 Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on June 8, 2012, and a Supplemental Resolution duly adopted by the Issuer

on July __, 2012 (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 this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) TAXABLE WATER REVENUE BOND, SERIES 1995, DATED DECEMBER 14, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $125,000, (2) WATER REVENUE BOND, SERIES 1999, DATED JUNE 24, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $710,000, (3) WATER REVENUE BOND, SERIES 2005A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 23, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,035,472, (4) WATER REVENUE BOND, SERIES 2005B (RURAL UTILITIES SERVICE), DATED JUNE 23, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $950,000, AND (5) WATER REVENUE BOND, SERIES 2005C (RURAL UTILITIES SERVICE), DATED JUNE 23, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $113,000 (COLLECTIVELY, THE "PARITY BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Parity Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2012 Bond Reserve Account") and unexpended proceeds of this Bond. 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2012 Bond Reserve Account and unexpended proceeds of this Bond. 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 of principal of and interest, if any, on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Parity Bonds; provided however, that so long as there exists in the Series 2012 Bond Reserve Account, an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Parity 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 Owner (as defined in the Bond Legislation) of this Bond for the

terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation) 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 the costs of issuance hereof as described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of this Bond.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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, NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated July __, 2012.

[SEAL]

_____
Chairperson

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2012 Bond described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: July __, 2012.

WesBanco Bank, Inc., as Registrar

By: _____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

ASSIGNMENT

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

Dated: _____, 20___.

In the presence of:

_____

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012
(WEST VIRGINIA INFRASTRUCTURE FUND)

Bond Number	Principal Amount	Date of Bond
No. R-1	$1,910,000	July __, 2012

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

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

Signature of Registrar:

WesBanco Bank, Inc.

By: _____
Vice President and Senior Trust Officer

Section 3.11. Sale of Bond; Approval and Ratification of Execution of Loan Agreement. The Series 2012 Bond shall be sold to the Authority, for the benefit of the Council, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairperson is specifically authorized and directed to execute the Loan Agreement and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, for the benefit of the Council, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the Council, a schedule, the forms of which will be provided by the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment 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) Depreciation Fund (established by the Prior Resolutions); and

(3) Series 2012 Bond 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 2012 Bond Sinking Fund; and

(2) Series 2012 Bond Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit the amounts required by the Prior Resolutions for payment of the interest on the Prior Bonds in the manner prescribed by the Prior Resolutions.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the amounts required by the Prior Resolutions for payment of the principal of the Prior Bonds in the manner prescribed by the Prior Resolutions; and (ii) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2012 Bond, for deposit in the Series 2012 Bond Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2012 Bond 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 2012 Bond Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank for deposit in the Reserve Accounts for the Prior Bonds, the amounts required by the Prior Resolutions to be deposited therein; and (ii) remit to the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon the issuance of the Series 2012 Bond, for deposit in the Series 2012 Bond Reserve Account, an amount equal to 1/120th of the Series 2012 Bond Reserve Requirement, until the amount in the Series 2012 Bond Reserve Account equals the Series 2012 Bond Reserve Requirement; provided that, no further payments shall be made into the Series 2012 Bond 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 2012 Bond Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Fund, (i) the amounts required by the Prior Resolutions to be deposited therein; and (ii) an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account, so long as the Series 2012 Bond is outstanding. All funds in the Depreciation Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be

invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Depreciation Fund 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 Fund.

Moneys in the Series 2012 Bond Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2012 Bond as the same shall become due. Moneys in the Series 2012 Bond Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2012 Bond as the same shall come due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2012 Bond Reserve Account (if fully funded) 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 2012 Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Funds and applied in full, first to the next ensuing interest payment, if any, due on the Series 2012 Bond, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2012 Bond Reserve Account that result in a reduction in the balance therein to below the Series 2012 Bond Reserve Requirements 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 2012 Bond 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 respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Sinking Fund or the Reserve Account for the Series 2012 Bond when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2012 Bond issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Interest, principal or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2012 Bond and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2012 Bond Sinking Fund and the Series 2012 Bond Reserve Account created hereunder, and all amounts required for such accounts shall be remitted to the Commission from

the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at any time, the Issuer shall make the necessary arrangements whereby required payments into such accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2012 Bond Sinking Fund and the Series 2012 Bond Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Sinking Fund and the Reserve Account for the Series 2012 Bond shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2012 Bond under the conditions and restrictions set forth herein.

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

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement, and submit a copy of said form, together 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 respective parties 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 any time, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The moneys in excess of the maximum amounts insured by FDIC in 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. The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2012 Bond, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2012 Bond, there shall first be deposited in the Series 2012 Bond 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 2012 Bond for the period commencing on the date of issuance of the Series 2012 Bond and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2012 Bond, there shall be deposited in the Series 2012 Bond Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2012 Bond Reserve Account.

C. From the proceeds of the Series 2012 Bond, there shall be deposited with the Commission the amount necessary to repay the principal of and interest on the Series 2009 Note.

D. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2012 Bond, such moneys shall be deposited with the Depository Bank in the Series 2012 Bond 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 2012 Bond.

E. 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 2012 Bonds shall be expended 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 of proceeds of the Series 2012 Bond from the Series 2012 Bond Construction Trust Fund shall be made only after submission to and approval from the Council of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

The Issuer shall expend all proceeds of the Series 2012 Bond within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

Pending such application, moneys in the Series 2012 Bond 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 Registered Owner of the Series 2012 Bond. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Registered Owner of the Series 2012 Bond as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as the Series 2012 Bond or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bond not to be Indebtedness of the Issuer. The Series 2012 Bond 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 Registered Owner of the Series 2012 Bond shall

ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2012 Bond or the interest, if any, thereon.

Section 7.03. Bond Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2012 Bond shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues, on parity with the lien on the Net Revenues in favor of the Registered Owners of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2012 Bond and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation and the Prior Resolutions 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 Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal, and the Issuer shall provide an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement, and the Issuer shall provide a certificate of a certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in and approved by the PSC Order and such rates are hereby adopted.

So long as the Series 2012 Bond is Outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2012 Bond shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the System may not be sold, transferred, mortgaged, leased or otherwise disposed of, except in accordance with the terms of the Prior Resolutions. Additionally, so long as the Series 2012 Bond is 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 2012 Bond, be remitted to the Sinking Fund and applied to the payment of principal of and interest, if any, on the Series 2012 Bond. Any balance remaining after the payment of the Series 2012 Bond and interest, if any, thereon shall be remitted to the Issuer

unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution 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 Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Depreciation Fund. The payment of such proceeds into the Depreciation Fund 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 Registered Owners of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Registered Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. 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 2012 Bond. All obligations issued by the Issuer after the issuance of the Series 2012 Bond 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 2012 Bond; 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 2012 Bond, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2012 Bond 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. Additional 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. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2012 Bond 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.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2012 Bond.

No such Parity Bonds shall be issued except for the purposes of financing the costs of the design, 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, 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 and approved by the PSC, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, 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 Registered Owners of the Bonds and the Registered Owners 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 outstanding 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 2012 Bond.

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Registered Owner of the 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 PSC. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Authority and the Council, or any other original purchaser of the Series 2012 Bond, and shall mail in each year to any Registered Owner of the Series 2012 Bond, 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 (and to the extent legally required in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto,) and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Series 2012 Bond, and shall submit said report to the Authority and the Council, or any other original purchaser of the Series 2012 Bond. Such audit report submitted to the Authority and the Council shall include a statement that notes whether the

results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Operating Expenses and debt service and reserve requirements.

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

The Issuer shall permit the Authority and 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 and commencement of operation 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 2012 Bond, 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 2012 Bond and all other obligations secured by a lien on or payable from such revenues on parity with the Series 2012 Bond, 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 Reserve Accounts for the Series 2012 Bond and the reserve accounts for obligations on a parity with the Series 2012 Bond, including the Prior Bonds, are funded at least at the Reserve Requirement, 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 2012 Bond and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2012 Bond, 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 Registered Owner of the Series 2012 Bond, 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 Registered Owner of the Series 2012 Bond, or anyone acting for and on behalf of such Registered Owner.

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

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, certifying, 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 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 engineer shall certify to the Authority and 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 PSC and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the PSC, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the PSC, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. No Free Services. Except as required by law, the Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. 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 Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation Fund. 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 Chapter 38, Article 2, Section 39 of the Code of West Virginia, 1931, as amended.

(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 verify such bonds prior to commencement of construction.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; 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. The Issuer shall verify such insurance prior to commencement of construction.

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

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and State requirements and standards.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the PSC and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2012 Bond required by State law, with all requisite appeal periods having expired without successful appeal, and the Issuer shall provide an opinion of counsel to such effect.

Section 7.18. [Reserved]

Section 7.19. Statutory Mortgage Lien. For the further protection of the Registered Owner of the Series 2012 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, shall take effect immediately upon delivery of the Series 2012 Bond; provided however, that the statutory mortgage lien of the Series 2012 Bond shall be on a parity with the statutory mortgage lien of the Prior Bonds.

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

The Issuer shall also comply with all applicable laws, rules and regulations issued by the Authority and 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; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2012 Bond 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 2012 Bond held in "contingency" as set forth in the schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2012 Bond made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investment of Funds. Any moneys held as a part of the funds and accounts created by this 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, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this

section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, 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 the Series 2012 Bond is Outstanding.

Section 8.02. Certificate as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2012 Bond as a condition to issuance of the Series 2012 Bond. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2012 Bond as may be necessary in order to maintain the status of the Series 2012 Bond as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2012 Bond which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2012 Bond are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2012 Bond and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2012 Bond:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2012 Bond; 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 2012 Bond set forth in this Bond Legislation, any supplemental resolution or in the Series 2012 Bond, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or a Registered Owner 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 under 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 the Series 2012 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 Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Registered Owners of the Series 2012 Bond shall be on a parity with those of the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2012 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, 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 Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other 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 the System and shall hold, operate and maintain, manage and control the System, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to the System as the Issuer itself might exercise.

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

any 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 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 BOND

Section 10.01. Payment of Series 2012 Bond. If the Issuer shall pay or there shall otherwise be paid to the Registered Owners of the Series 2012 Bond, 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 2012 Bond shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2012 Bond, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2012 Bond, 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 Owner of the Series 2012 Bond shall be made without the consent in writing of the Registered Owner of the Series

2012 Bond 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, if any, out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of 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 Registered Owner as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2012 Bond from gross income of the Registered Owner 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 2012 Bond, 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 2012 Bond.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. Except for the Prior Resolutions, all orders or resolutions, 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 Chairperson, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 8th day of June, 2012.

Chairperson

Member

Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT on the 8th day of June, 2012.

Dated this 8th day of June, 2012.

[SEAL]

Secretary

Paper from
responsible sources

FSC® C014618

$1,910,000
NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012
(WEST VIRGINIA INFRASTRUCTURE FUND)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BOND, SERIES 2012 (WEST VIRGINIA INFRASTRUCTURE FUND); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BOND TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; MAKING PROVISIONS FOR THE PAYMENT OF THE BOND; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BOND.

WHEREAS, the Public Service Board (the "Board") of the Northern Jackson County Public Service District (the "District") has duly and officially adopted a Bond Resolution on June 8, 2012 (the "Resolution"), entitled:

AUTHORIZING PAYMENT OF THE SERIES 2009 NOTE AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,910,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BOND, SERIES 2012 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BOND; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BOND; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENT RELATING TO SUCH BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Resolution provides for the issuance of the Northern Jackson County Public Service District, Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund) (the "Bond"), in the aggregate principal amount of $1,910,000, and has authorized the execution and delivery of a Loan Agreement by and between the District and the West Virginia Water Development (the "Authority"), for the benefit of the West Virginia Infrastructure and Jobs Development Council (the "Council"), relating to the Bond (the "Loan Agreement"), including all schedules and exhibits attached thereto, all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act");

WHEREAS, the Resolution provided that the exact principal amount, date, maturity date, principal payment dates, sale price and other terms of the Bond should be established by a supplemental resolution pertaining to the Bond; and other matters relating to the Bond be herein provided for;

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

WHEREAS, the Bond is proposed to be purchased by the Authority, for the benefit of the Council, pursuant to the Loan Agreement;

WHEREAS, the Board deems it essential and desirable that this Supplemental Resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the District, and that the exact principal amount, the date, the maturity date, the principal payment dates, the sale price and other terms of the Bond be fixed hereby in the manner stated herein, and that other matters relating to the Bond be herein provided for; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT AS FOLLOWS:

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 Northern Jackson County Public Service District, Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund), originally represented by one bond, numbered R-1, in the principal amount of $1,910,000. The Bond shall be dated the date of delivery thereof. The Bond shall bear no interest. Unless earlier paid, the entire outstanding principal shall be paid on July 1, 2052, as set forth in the Bond and the Schedule Y attached to the Loan Agreement. The Bond shall be payable in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2014, as set forth on the "Debt Service Schedule" attached as EXHIBIT B thereto and incorporated therein by reference. The Bond shall be subject to redemption upon at any time upon thirty (30) days prior written notice to the Authority and the Council and upon continued

compliance with the Loan Agreement, so long as the Authority, for the benefit of the Council, shall be the registered owner of the Bond.

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

Section 3. The District does hereby authorize, approve and ratify 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 District are hereby authorized, directed, ratified and approved. The District hereby affirms all covenants and representations made in the Loan Agreement and in the Application to the Authority and the Council. The price of the Bond shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds will be advanced from time to time as requisitioned by the District.

Section 4. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission to serve as Paying Agent for the Bond, and WesBanco Bank, Inc. to serve as Registrar and Depository Bank.

Section 5. The proceeds of the Bond, as advanced from time to time, shall be deposited in or credited to the Series 2012 Bond Project Fund, as received from time to time for payment of Costs of the Project, including costs of issuance of the Bond.

Section 6. An amount of $95,570.65 shall be deposited on the closing date with the Municipal Bond Commission to pay in full the Series 2009 Note.

Section 7. 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 Bond hereby and by the Resolution approved and provided for, to the end that the Bond may be delivered on or about July 24, 2012, to the Authority, for the benefit of the Council, pursuant to the Loan Agreement.

Section 8. The financing of the Project in part with proceeds of the Bond is in the public interest, serves a public purpose of the District and will promote the health, welfare and safety of the residents of the District.

Section 9. The District hereby determines to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the District hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such money market accounts until further directed in writing by the District.

Section 10. The District hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project. The District hereby approves the costs of issuance and authorizes the payment of the same.

Section 11. This Supplemental Resolution shall be effective immediately following adoption hereof.

Dated: July 17, 2012

NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

[SEAL] By: _____
Chairperson, Public Service Board

_____
Secretary, Public Service Board

CERTIFICATION

Certified as a true copy of the Supplemental Resolution adopted by the Public Service Board of the Northern Jackson County Public Service District on July 17, 2012.

Dated: July 17, 2012.

_____
Secretary, Public Service Board

[SEAL]

3

IC-1
(08/11)

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").

NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
(2008W-1042)

(Governmental Agency)

W I T N E S S E T H:

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 acquire, construct, improve, operate and maintain a project, as defined by the Act, and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

WHEREAS, the Governmental Agency intends to construct, is constructing or has constructed such a 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," "Council," "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 Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, 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 Department 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 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 the Council and their 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 the Council and their duly authorized agents and representatives shall, prior to, during and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Council 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 and the Council, acting by and through their directors or their 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 and the Council such documents and information as they 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 the Council and their 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 and shall verify or have verified such bonds prior to commencement of construction.

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 Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. 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 are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Governmental Agency shall provide and maintain competent and adequate 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 engineer shall certify to the Authority, the Council and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

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

2.11 The Governmental Agency hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the 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 acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority and Council.

2.13 The Governmental Agency shall serve the additional customers at the location(s) as set forth in Schedule X. The Governmental Agency shall not reduce the amount of additional customers served by the project without the prior written approval of the WDA Board. Following completion of the Project the Governmental Agency shall certify to the Authority the number of customers added to the System.

2.14 The Governmental Agency shall perform an annual maintenance audit which maintenance audit shall be submitted to the WDA and the Public Service Commission of West Virginia.

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 and the Council, of each and all of those certain conditions precedent on or before the delivery date for the Local Bonds, which shall be the date established pursuant to Section 3.4 hereof. Said conditions precedent are as follows:

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

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

(c) The Governmental Agency shall either have received bids or entered into contracts for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application; provided that, if the Loan will refund an interim construction financing, the Governmental Agency must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and the Council 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 and the Council 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") and the Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority and the Council 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 and the Council, 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, including compliance with Chapter 21, Article 1D of the Code of West Virginia, 1931, as amended, and the Authority and the Council 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 and the Council 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 and the Council, 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 and the Council 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 and the Council, 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 projects and satisfactory to the Authority and the Council, to such effect, such certificate to be in form and substance satisfactory to the Authority and the Council, and evidence satisfactory to the Authority and the Council 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, the Council 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, the Council 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 or such later date as is agreed to in writing by the Council.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans from the Infrastructure Fund 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 sufficient funds are available in the Infrastructure Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, 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 adopted or enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Council:

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3)

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

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues of the System, as more fully set forth in Schedule X attached hereto and in the Local Act;

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

(iii) That the Governmental Agency shall complete the Project 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, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and the Council; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and the Council, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Governmental Agency shall annually adopt a detailed, 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;

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

(xiv) That the proceeds of the Local Bonds, advanced from time to time, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Governmental Agency and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim financing of such Governmental Agency, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and the Council, 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 the West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for the Local Bonds;

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

month. When required by the Authority, the Local Entity shall make monthly payments to the Commission by electronic transfer;

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

(xix) That the Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Local Bonds, 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;

(xx) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority 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;

(xxi) That the Governmental Agency shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, 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;

(xxii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

(xxiii) 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 attached to the certificate of the Consulting Engineer. The Governmental Agency shall obtain the written approval of the Council before making any changes to the final Schedule B and also before expending any proceeds of the Local Bonds available due to bid/construction/project underruns;

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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, validity, 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 and 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 bonds which are the source of money used to purchase the Local 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 and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

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

5.3 In the event the Governmental Agency defaults in the payment due to the Authority pursuant to this Loan Agreement, 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 and the Council in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority and the Council shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation made to the Authority and the Council 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 the Act or 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 and the Council prior written notice of the issuance by it of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

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

ARTICLE VII

Miscellaneous

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

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

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

7.4 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.

7.5 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.

7.6 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.

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

7.8 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 Department 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.

7.9 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.

7.10 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 or such later date as is agreed to in writing by the Council if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority and the Council 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.

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.

NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

By: Jari D. Stephens
Its: Chairperson
Date: July 24, 2012

(SEAL)

Attest:

John C Lockhart
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Executive Director
Date: July 24, 2012

(SEAL)

Attest:

Sheila A. Miller
Its: Authorized Officer

{C2357412.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____,

successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) all contractors to be awarded contracts for the construction of the Project have submitted affidavits indicating such contractor has a drug free workplace plan pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended; (vi) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (x) as of the effective date thereof, [2]the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (xi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule B attached hereto and approved by the Council; and (xii) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

4. The Project will serve _____ new customers in the _____ area.

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

[SEAL]

_____

By: _____
West Virginia License No. _____

Esq.] and delete "my firm has ascertained that".

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

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

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

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

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

to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the 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 the Council and cannot be amended so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Governmental Agency without the consent of the Authority and the Council.

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

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Governmental Agency and constitute valid and binding obligations of the Governmental Agency, enforceable against the Governmental Agency in accordance with their terms. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds have been duly authorized, issued, executed and delivered by the Governmental Agency to the Authority and are valid, legally enforceable and binding special obligations of the Governmental Agency, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency _____
Name of Bond Issue(s)_____
Type of Project _____**Water**_____**Wastewater**
Fiscal Year _____**Report Month**_____

Item	Current Month	Total Year To Date	Budget Year To Date	Budget Year To Date Minus Total Year To Date
1. Gross Revenues	_____	_____	_____	_____
2. Operating Expenses	_____	_____	_____	_____
3. Bond Payments:				
Type of Issue				
Clean Water SRF	_____	_____	_____	_____
Drinking Water TRF	_____	_____	_____	_____
Infrastructure Fund	_____	_____	_____	_____
Water Development Authority	_____	_____	_____	_____
Rural Utilities Service	_____	_____	_____	_____
Economic Development Administration	_____	_____	_____	_____
Other (Identify)				
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
4. Renewal and Replacement Fund Deposits	_____	_____	_____	_____

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

Item 3 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Governmental Agency according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.

Item 4 Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are $1,200, then $30 (2.5% of $1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

The Governmental Agency must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:	
Interest	$
Principal	$
Total:	$
Reserve Account:	$

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$1,910,000
Purchase Price of Local Bonds	$1,910,000

The Local Bonds shall bear no interest. Commencing March 1, 2014, principal on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Governmental Agency shall authorize the Commission to electronically debit its monthly payments. The Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority.

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

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

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

(1) Northern Jackson County Public Service District Taxable Water Revenue Bond, Series 1995, dated December 14, 1995, issued in the original principal amount of $125,000;

(2) Northern Jackson County Public Service District Water Revenue Bond, Series 1999, dated June 24, 1999, issued in the original principal amount of $710,000;

(3) Northern Jackson County Public Service District Water Revenue Bond, Series 2005A (West Virginia Infrastructure Fund), dated June 23, 2005, issued in the original principal amount of $2,035,472;

(4) Northern Jackson County Public Service District Water Revenue Bond, Series 2005B (Rural Utilities Service), dated June 23, 2005, issued in the original principal amount of $950,000;

(5) Northern Jackson County Public Service District Water Revenue Bond, Series 2005C (Rural Utilities Service), dated June 23, 2005, issued in the original principal amount of $113,000; and

(6) Northern Jackson County Public Service District Water System Design Note, Series 2009 A (West Virginia WDA Fund), dated October 30, 2009, issued in the original principal amount of $110,000.

Number of New Users: 55
Location: Various PSD line extensions (up to 5 users in the Fletcher Run area and up to 14 users in the Trace Fork area)

SCHEDULE Y
DEBT SERVICE SCHEDULE

Bond Debt Service
Northern Jackson County PSD
IF
$1,910,000
0% Interest Rate
40 Years from Closing Date
Dated Date 7/24/2012
Delivery Date 7/24/2012

Period Ending	Principal	Interest	Debt Service
6/1/2014	12,484		12,484
9/1/2014	12,484		12,484
12/1/2014	12,484		12,484
3/1/2015	12,484		12,484
6/1/2015	12,484		12,484
9/1/2015	12,484		12,484
12/1/2015	12,484		12,484
3/1/2016	12,484		12,484
6/1/2016	12,484		12,484
9/1/2016	12,484		12,484
12/1/2016	12,484		12,484
3/1/2017	12,484		12,484
6/1/2017	12,484		12,484
9/1/2017	12,484		12,484
12/1/2017	12,484		12,484
3/1/2018	12,484		12,484
6/1/2018	12,484		12,484
9/1/2018	12,484		12,484
12/1/2018	12,484		12,484
3/1/2019	12,484		12,484
6/1/2019	12,484		12,484
9/1/2019	12,484		12,484
12/1/2019	12,484		12,484
3/1/2020	12,484		12,484
6/1/2020	12,484		12,484
9/1/2020	12,484		12,484
12/1/2020	12,484		12,484
3/1/2021	12,484		12,484
6/1/2021	12,484		12,484
9/1/2021	12,484		12,484
12/1/2021	12,484		12,484
3/1/2022	12,484		12,484
6/1/2022	12,484		12,484
9/1/2022	12,484		12,484
12/1/2022	12,484		12,484
3/1/2023	12,484		12,484
6/1/2023	12,484		12,484
9/1/2023	12,484		12,484
12/1/2023	12,484		12,484
3/1/2024	12,484		12,484
6/1/2024	12,484		12,484
9/1/2024	12,484		12,484
12/1/2024	12,484		12,484

Bond Debt Service

Northern Jackson County PSD

IF

$1,910,000

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
3/1/2025	12,484		12,484
6/1/2025	12,484		12,484
9/1/2025	12,484		12,484
12/1/2025	12,484		12,484
3/1/2026	12,484		12,484
6/1/2026	12,484		12,484
9/1/2026	12,484		12,484
12/1/2026	12,484		12,484
3/1/2027	12,484		12,484
6/1/2027	12,484		12,484
9/1/2027	12,484		12,484
12/1/2027	12,484		12,484
3/1/2028	12,484		12,484
6/1/2028	12,484		12,484
9/1/2028	12,484		12,484
12/1/2028	12,484		12,484
3/1/2029	12,484		12,484
6/1/2029	12,484		12,484
9/1/2029	12,484		12,484
12/1/2029	12,484		12,484
3/1/2030	12,484		12,484
6/1/2030	12,484		12,484
9/1/2030	12,484		12,484
12/1/2030	12,484		12,484
3/1/2031	12,484		12,484
6/1/2031	12,484		12,484
9/1/2031	12,484		12,484
12/1/2031	12,484		12,484
3/1/2032	12,484		12,484
6/1/2032	12,484		12,484
9/1/2032	12,484		12,484
12/1/2032	12,484		12,484
3/1/2033	12,484		12,484
6/1/2033	12,484		12,484
9/1/2033	12,484		12,484
12/1/2033	12,484		12,484
3/1/2034	12,484		12,484
6/1/2034	12,484		12,484
9/1/2034	12,484		12,484
12/1/2034	12,484		12,484
3/1/2035	12,484		12,484
6/1/2035	12,484		12,484
9/1/2035	12,484		12,484
12/1/2035	12,484		12,484
3/1/2036	12,484		12,484
6/1/2036	12,484		12,484
9/1/2036	12,484		12,484

Bond Debt Service

Northern Jackson County PSD

IF

$1,910,000

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
12/1/2036	12,484		12,484
3/1/2037	12,484		12,484
6/1/2037	12,484		12,484
9/1/2037	12,484		12,484
12/1/2037	12,484		12,484
3/1/2038	12,484		12,484
6/1/2038	12,484		12,484
9/1/2038	12,484		12,484
12/1/2038	12,484		12,484
3/1/2039	12,484		12,484
6/1/2039	12,483		12,483
9/1/2039	12,483		12,483
12/1/2039	12,483		12,483
3/1/2040	12,483		12,483
6/1/2040	12,483		12,483
9/1/2040	12,483		12,483
12/1/2040	12,483		12,483
3/1/2041	12,483		12,483
6/1/2041	12,483		12,483
9/1/2041	12,483		12,483
12/1/2041	12,483		12,483
3/1/2042	12,483		12,483
6/1/2042	12,483		12,483
9/1/2042	12,483		12,483
12/1/2042	12,483		12,483
3/1/2043	12,483		12,483
6/1/2043	12,483		12,483
9/1/2043	12,483		12,483
12/1/2043	12,483		12,483
3/1/2044	12,483		12,483
6/1/2044	12,483		12,483
9/1/2044	12,483		12,483
12/1/2044	12,483		12,483
3/1/2045	12,483		12,483
6/1/2045	12,483		12,483
9/1/2045	12,483		12,483
12/1/2045	12,483		12,483
3/1/2046	12,483		12,483
6/1/2046	12,483		12,483
9/1/2046	12,483		12,483
12/1/2046	12,483		12,483
3/1/2047	12,483		12,483
6/1/2047	12,483		12,483
9/1/2047	12,483		12,483
12/1/2047	12,483		12,483
3/1/2048	12,483		12,483
6/1/2048	12,483		12,483

Bond Debt Service

Northern Jackson County PSD

IF

$1,910,000

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
9/1/2048	12,483		12,483
12/1/2048	12,483		12,483
3/1/2049	12,483		12,483
6/1/2049	12,483		12,483
9/1/2049	12,483		12,483
12/1/2049	12,483		12,483
3/1/2050	12,483		12,483
6/1/2050	12,483		12,483
9/1/2050	12,483		12,483
12/1/2050	12,483		12,483
3/1/2051	12,483		12,483
6/1/2051	12,483		12,483
9/1/2051	12,483		12,483
12/1/2051	12,483		12,483
3/1/2052	12,483		12,483
6/1/2052	12,484		12,484
	1,910,000		1,910,000

SCHEDULE Z

(None)

4

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

2/15/2012

Entered: January 26, 2012

CASE NO. 11-1356-PWD-CN

NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT,
a public utility,

Application for a certificate of convenience and necessity to construct, own and operate improvements to its existing water distribution systems in and around northern portions of Jackson County.

RECOMMENDED DECISION

This Order *inter alia* approves the District's application for a certificate of convenience and necessity to construct and operate improvements to the District's existing water distribution system; approves the financing to support the project; approves a rate increase to support project costs and financing; and approves the agreement between Mineral Wells Public Service District and Northern Jackson County Public Service District which requires the use of $33,143 in project funds to acquire water lines, without specifically approving the agreement's terms and conditions.

PROCEDURE

On September 15, 2011, the Northern Jackson Service District (District) filed an application for a certificate of convenience and necessity to construct improvements to its existing water distribution system in and around northern portions of Jackson County. The estimated cost of the project was $2,300,000, and was to be financed with a grant from the West Virginia Infrastructure and Jobs Development Council (WVIJDC) in the amount of $390,000, and a loan from the WVIJDC in the amount of $1,910,000, at 0% interest for 40 years. Fifty (50) new residential customers were to be served by the project. The project also proposed to acquire water lines from the Mineral Wells Public Service District to provide service in small areas of Jackson and Wirt Counties that were the subject of boundary line adjustments approved by the Commission in Case Nos. 02-0965-PWD-PC, 02-0966-PWD-PC and 02-0901-PWD-PC. The District proposed to increase rates by 9.35% to pay for project financing.

By Commission Order dated September 19, 2011, the District was required to publish a copy of the Notice of Filing once in a qualified newspaper as provided in West Virginia Code §59-3-1 *et seq.*, published and of general circulation in counties where service is provided,

making due return to the Commission of proper certification of publication immediately after publication. The District was also required, within thirty (30) days of the date of the Order, to have completed the mailing of separate notices to each of its customers and to make due return to the Commission of its affidavit as proper certification that the notice had been provided.

On October 18, 2011, the District filed the following: (a) an Affidavit of Compliance with Commission Requirements; (b) a sample of the rate increase notice included on customers' postcard bills; (c) an affidavit of publication from the Wirt County Journal reflecting that the Notice of Filing had been published on October 5, 2011; (d) an affidavit of publication from The Jackson Herald reflecting that the Notice of Filing had been published on September 27, 2011; and (e) correspondence from the West Virginia Division of Culture and History.

On October 18, 2011, Staff Attorney Wendy Braswell filed the Initial Joint Staff Memorandum to which was attached the Utilities and Engineering Divisions Initial Memorandum prepared by Karen L. Buckley, Utilities Analyst II, Utilities Division, and Lisa Bailey, Technical Analyst, Engineering Division. Staff reported on the filing and the additional information needed before a timely final recommendation could be made.

On October 19, 2011, the District requested approval in the certificate proceeding for the acquisition of a small section of water line from the Mineral Wells Public Service District.

By Commission Order dated October 25, 2011, the proceeding was referred to the Division of Administrative Law Judges with a decision due date of on or before January 30, 2012, if no substantial protest had been received within 30 days after the required notice had been provided. If a substantial protest had been received within 30 days after the required notice had been provided, the decision due date for the Division of Administrative Law Judges would be on or before February 27, 2012.

On November 7, 2011, the District filed its response to the Initial Joint Staff Memorandum.

On November 16, 2011, the District filed its supplemental response to the Initial Joint Staff Memorandum.

On December 12, 2011, the District filed its final supplemental response to the Initial Joint Staff Memorandum.

On December 14, 2011, Staff Attorney Braswell filed the Final Joint Staff Memorandum to which was attached the Utilities and Engineering Divisions Final Recommendation prepared by Ms. Buckley and by Ms. Bailey. The District, previously known as the Silverton Public Service District, is located in west-central West Virginia near the confluence of Sandy Creek and the Ohio River. The District currently provides water service to approximately 960 customers, of which 910 are residential and 50 are commercial customers. The District purchases water from the City of Ravenswood Waterworks. All of the proposed service areas are located within the District's boundaries with the exception of a small portion of water line along County Route

21/8 that was ceded to the Mineral Wells Public Service District (MWPSD). The District and MWPSD have agreed to reinstate this area, which includes approximately 60 potential residential users, to the District's jurisdiction. The MWPSD has only one current customer in this area. Residents in this area rely mainly upon ground wells and cisterns and have reported insufficient water quantity and poor water quality. These residents wish to be connected to a public water distribution system. Staff supports the need for the project as being in the public interest. The project will result in a safe and reliable drinking water supply and will positively impact the long-term viability of the area.

The project includes the installation of approximately 45,000 linear feet of 6-inch, 2,500 linear feet of 4-inch and 2,000 linear feet of 2-inch water line; one pressure reducing station; a master meter; and all valves, hydrants, meters and appurtenances to serve 55 new customers in the proposed service areas of Lockhart Fork and Medina Road. The District has also proposed that the current MWPSD infrastructure located along Windy Ridge Road be incorporated into the District's physical plant. In Case No. 11-1579-PWD-PC Staff recommended approval of the adjustment of boundary lines to permit the District to provide service to customers in small areas of Wirt County and to re-acquire certain customers in Jackson County. The boundary adjustment was approved by Recommended Decision entered on January 17, 2012.

The average daily flow of the total facilities is estimated to be 6,500 gallons per day. The peak demand for the 55 new customers is projected to be 13,000 gallons per day. The City of Ravenswood will be able to meet the additional capacity needs. The District's facilities will also be able to meet the needs of the additional customers.

Engineering Staff's review of the project plans and construction documents found no apparent violations of the Commission's Water Rules. Engineering Staff recommended approval of the project without specifically approving the project plans and specifications. Staff also believed that all necessary permits, including the permit from the Office of Environmental Health Services, and regulatory approvals needed for the project have been issued.

Fifty (50) of the fifty-five (55) water user agreements from the new customers have been obtained and 91% of the project rights-of-way have been acquired.

The estimated total project cost is $2,300,000, with an estimated construction of cost of $1,800,000. The estimated construction cost per customer is $32,727 and is extremely high for the provision of water service. Excluding grant funds, the cost per customer is $28,824, and is still very high for the provision of water service. The total cost of engineering fees is 12.6% of the total project cost. Staff opined that the engineering fees were reasonable. Staff also opined that the project construction cost estimates were reasonable as compared to recently acquired bids for similar projects.

Staff anticipated annual operation and maintenance expenses to increase $7,500 due to the project. This increase is due to the costs of additional purchased water and power and maintenance costs to the meters and valves.

Several alternatives to the instant project were considered. However, proposals to remove oil and gas from the current groundwater supply and construction of a public water distribution system were not as economically feasible as the project for which approval is sought.

The estimated cost of the project at $2,300,000 is to be financed by a loan from the Infrastructure and Jobs Development Council in the amount of $1,910,000, for a term of 40 years at 0% interest and will require annual payments of $50,263, a 10% debt reserve of $5,026 and a depreciation/renewal and replacement reserve equal to 2.5% of operating revenues. In addition to the loan, the project will be funded by a grant from the Infrastructure and Jobs Development Council in the amount of $390,000. Funding commitments from all sources were submitted with the application. A small portion of the project funds ($33,143) will be used to acquire water lines from the MWPSD to provide service to customers in small areas of Jackson and Wirt Counties.

The District's Rule 42 Exhibit, based on the year ending June 30, 2010, reflected an increase in rates of 9.25% over rates approved in Case No. 10-1656-PWD-19A for all customers to meet capital improvements, debt service and the operation and maintenance expenses associated with the project. After reviewing the exhibit and making adjustments, Staff reduced the level of rate increase from the District's proposed 9.25% to 8.62%. Staff also increased the private fire protection rates in the Staff Recommended Tariff according to the proposed increase of 9.25%. The District had not proposed or published an increase in the fire protection rates. Based on the Staff-recommended rate increase, the cash surplus will be $42,864 and debt service coverage will be 127%. Under the Staff-recommended rates, a customer's minimum bill will increase from $29.77 to $32.34. Although the 3-inch meter was adjusted on the Staff-Recommended Tariff to reflect the multiplier provided by the Engineering Division, the District does not have any customers which use a 3-inch meter. Staff recalculated the District's leak adjustment rate and increased it to $1.79 per M gallons. Staff recommended that its rates become effective upon completion of the project. The additional operating revenues will be sufficient to cover the project-related expenses and debt service. The project is financially feasible and Staff recommended its approval.

In summation, Staff recommended, pursuant to West Virginia Code §24-2-11 and §16-13A-25, that Northern Jackson County Public Service District's application for a certificate of convenience and necessity to construct and operate improvements to its existing water system and add 50 new customers be approved. Staff also recommended that project funding in the amount of $2,300,000, consisting of a WVIJDC loan in the amount of $1,910,000 at 0% interest for 40 years and a WVIJDC grant in the amount of $390,000, be approved. Staff also recommended that the agreement between the MWPSD and the Northern Jackson County Public Service District be filed.

On December 15, 2011, the District filed the proposed deed, assignment of rights-of-way and easements and bill of sale from the MWPSD to the District.

On December 21, 2011, Staff Attorney Braswell filed the Further Final Joint Staff Memorandum to which was attached the December 20, 2011 Utilities and Engineer Divisions Further Final Recommendation prepared by Ms. Buckley and Ms. Bailey. Staff recommended approval of the agreement between MWPSD and the District to use $33,143 of project funds to acquire the water line in question, without specifically approving the terms and conditions of the agreement, since the District would use the water line to provide water service without adversely affecting the public.

On December 23, 2011, the District filed its waiver of objections to the Further Final Joint Staff Memorandum.

On January 25, 2012, the District filed a completed Tariff Form No. 6-B.

As of the date of this Order, no protests have been filed in this proceeding. Additionally, the District has not objected to Staff's final recommendations and has waived any objections to the Further Final Joint Staff Memorandum.

FINDINGS OF FACT

1. On September 15, 2011, the Northern Jackson County Public Service District filed an application with the Commission for a certificate of convenience and necessity to construct improvements to its existing water distribution system in and around northern portions of Jackson County. The project is to provide water service to 50 new residential customers. The District also proposed to acquire water lines from the Mineral Wells Public Service District in order to provide service in small areas of Jackson and Wirt Counties that were the subject of boundary line adjustments previously approved by the Commission in Case Nos. 02-0965-PWD-PC, 02-0966-PWD-PC and 02-0901-PWD-PC. The total cost of the project is $2,300,000 and is to be funded with a grant from the West Virginia Infrastructure and Jobs Development Council in the amount of $390,000, and a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of $1,910,000, at 0% interest for 40 years. The District proposed to increase rates by 9.35% to pay for project financing. (See, filing dated September 15, 2011; Final Joint Staff Memorandum with attachment filed December 14, 2011).

2. The District submitted the certificate of publication reflecting that the Notice of Filing had been published on September 27, 2011, in The Jackson Herald, a qualified newspaper, published and of general circulation in Jackson County, and a certificate of publication reflecting that the Notice of Filing had been published on October 5, 2011, in the Wirt County Journal, a qualified newspaper, published and of general circulation in Wirt County. (See, filing dated October 18, 2011).

3. The separate mailing requirement to the District's non-resale customers was completed with the District's September 2011 postcard billings. The District has no resale customers. (See, filing dated October 18, 2011; filing dated January 25, 2012).

4. As of the date of this Order, no protests have been filed. (See, case file generally).

5. The project will provide potable water service to 50 new customers who currently do not have access to treated water and whose present water supply is insufficient and of poor quality. The project will result in a safe and reliable drinking water supply and will positively impact the long-term viability of the area. (See, Final Joint Staff Memorandum with attachment filed December 14, 2011).

6. Project funding in the amount of $33,143 will be used to acquire water lines from the Mineral Wells Public Service District to provide service to customers in small areas of Jackson and Wirt Counties. (See, Final Joint Staff Memorandum with attachment filed December 14, 2011; Further Final Joint Staff Memorandum with attachment filed December 21, 2011).

7. As a result of the adjustment of boundary lines in Case No. 11-1579-PWD-PC, the District will provide service to customers in small areas of Wirt County and re-acquire certain customers in Jackson County. (See, Recommended Decision entered January 17, 2012, Case No. 11-1579-PWD-PC).

8. Commission Staff recommended that the District's application for a certificate of convenience and necessity to construct and operate improvements to its existing water system and add 50 new customers be approved. Staff also recommended that project funding in the amount of $2,300,000, consisting of a West Virginia Infrastructure and Jobs Development Council loan in the amount of $1,910,000, at 0% interest for 40 years, and a West Virginia Infrastructure and Jobs Development Council grant in the amount of $390,000, be approved. Staff also recommended that the agreement between Mineral Wells Public Service District and the District, which requires the use of $33,143 in project funds to acquire the water lines in question, be approved, without specifically approving the terms and conditions of the agreement. (See, Final Joint Staff Memorandum with attachment filed December 14, 2011).

9. Commission Staff recommended a rate increase of 8.62% for all customers which results in a cash surplus of $42,864 and debt service coverage of 127% at the completion of the project. (See, Final Joint Staff Memorandum with attachment filed December 14, 2011).

10. Commission Staff recommended an increase in the fire protection rates, but, since the District had not requested such an increase, notice of an increase in the fire protection rates was not provided to the District's customers. (See, affidavits of publication filed October 18, 2011; Notice of Filing issued September 19, 2011).

11. Under the Staff-recommended rates, the minimum bill for a 5/8-inch meter will increase from $29.77 per month to $32.34 per month. (See, Final Joint Staff Memorandum with attachment filed December 14, 2011).

12. Under the Staff-recommended rates, the average monthly bill for residential customers (3,140 gallons) will increase from $31.07 to $33.76, an increase of $2.69, or 8.65%, and the average monthly bill for commercial customers (10,700 gallons) will increase from $98.30 to

$106.76, an increase of $8.46, or 8.6%. (See, Final Joint Staff Memorandum with attachment filed December 14, 2011).

13. As of the date of this Order, the District has not objected to Staff's final recommendations and has waived any objections to the Further Final Joint Staff Memorandum. (See, case file generally; filing dated December 23, 2011).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the issuance of a certificate of convenience and necessity to Northern Jackson County Public Service District to construct and operate improvements to the District's existing water distribution system in and around northern portions of Jackson County. Approval is contingent upon the filing of any outstanding permits and clearances.

2. It is reasonable to approve the financing for the project, which consists of a West Virginia Infrastructure and Jobs Development Council grant in the amount of $390,000, and a West Virginia Infrastructure and Jobs Development Council loan in the amount of $1,910,000 at 0% interest for 40 years.

3. The Staff-recommended rates, attached hereto as Appendix A, are sufficient, but not more than sufficient, to cover the District's operation and maintenance expenses, taxes other than income taxes, debt service requirements and routine capital additions, including the additional expenses and debt service requirements generated by the project certificated herein. Accordingly, the Staff-recommended rates should be approved to become effective for all service rendered by the District on and after the date of substantial completion of the project certificated herein, with the exception of the Staff-recommended fire protection rates.

4. It is not reasonable to approve the Staff-recommended fire protection rates, since the customers were not provided with any notice of such an increase.

5. It is reasonable to approve, without approving the terms and conditions thereof, the agreement between Mineral Wells Public Service District and Northern Jackson County Public Service District for the acquisition of water lines.

ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of convenience and necessity filed herein on September 15, 2011, by the Northern Jackson County Public Service District to construct and operate improvements to the District's existing water distribution system in and around the northern portions of Jackson County and to add 50 new customers, be, and hereby is, granted.

IT IS FURTHER ORDERED that the proposed financing for the project, consisting of a West Virginia Infrastructure and Jobs Development Council grant in the amount of $390,000,

and a West Virginia Infrastructure and Jobs Development Council loan in the amount of $1,910,000, at 0% for 40 years, be, and hereby is, approved.

IT IS FURTHER ORDERED that the rates and charges attached as Appendix A be, and hereby are, approved for use by the Northern Jackson County Public Service District for all service rendered on and after the date of the substantial completion of the project certificated herein. The approved rates retain the current fire protection rates for the reason discussed previously in this Order.

IT IS FURTHER ORDERED that the agreement between Mineral Wells Public Service District and Northern Jackson County Public Service District, which requires $33,143 in project funds to acquire water lines, be, and hereby is, approved, without specifically approving the terms and conditions of the agreement.

IT IS FURTHER ORDERED that, within thirty (30) days of filing the certificate of substantial completion for the project, Northern Jackson County Public Service District file an original and at least five (5) copies of a proper tariff setting forth the rates and charges hereby approved.

IT IS FURTHER ORDERED that, if there are any changes in the plans, scope or financing of the project, Northern Jackson County Public Service District obtain Commission approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that, if there are any changes in project costs which do not affect rates, Northern Jackson County Public Service District file herein an affidavit duly executed by a certified public accountant verifying that the District's rates and charges are not affected.

IT IS FURTHER ORDERED that Northern Jackson County Public Service District submit a copy of the certified tabulation of bids to the Commission, making the bids a part of the Commission's file in this case, as soon as the bids are tabulated.

IT IS FURTHER ORDERED that Northern Jackson County Public Service District submit to the Commission the project engineer's certificate of substantial completion and inspection of the project as soon as it is received.

IT IS FURTHER ORDERED that, if this project requires the use of Division of Highways' rights-of-way, Northern Jackson County Public Service District comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

IT IS FURTHER ORDERED that Northern Jackson County Public Service District submit all permits as soon as they are issued by governmental agencies prior to commencing construction.

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

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and by electronic service upon all parties of record who have filed an e-service agreement with the Commission and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement with the Commission.

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.

Deborah Y Vandervort

Deborah Yost Vandervort
Administrative Law Judge

DYV:s:cdk
111356a.docx

NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
CASE NO. 11-1356-PWD-CN

APPROVED RATES

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

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

RATES (customers with metered water supply)

First	3,000 gallons used per month	$10.78 per 1,000 gallons
Next	3,000 gallons used per month	$10.12 per 1,000 gallons
Next	4,000 gallons used per month	$ 9.47 per 1,000 gallons
Next	10,000 gallons used per month	$ 8.83 per 1,000 gallons
Next	10,000 gallons used per month	$ 8.21 per 1,000 gallons
All Over	30,000 gallons used per month	$ 7.51 per 1,000 gallons

MINIMUM CHARGE

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

5/8-inch meter	$ 32.34 per month
3/4-inch meter	$ 48.51 per month
1 -inch meter	$ 80.85 per month
1-1/4 -inch meter	$ 118.04 per month
1-1/2 -inch meter	$ 161.70 per month
2 -inch meter	$ 258.72 per month
3 -inch meter	$ 517.44 per month
4 -inch meter	$ 808.50 per month
6 -inch meter	$1,617.00 per month
8 -inch meter	$2,587.20 per month

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant:

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

A tap fee of $350.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RECONNECTION - $20.00

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

PRIVATE FIRE PROTECTION SERVICE

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

3-inch Service Line with hydrants, sprinklers, and/or hose connections	$ 5.71
4-inch Service Line with hydrants, sprinklers, and/or hose connections	$ 9.50
6-inch Service Line with hydrants, sprinklers, and/or hose connections	$19.00

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District, not to exceed $25.00, will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

SECURITY DEPOSITS

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class, or fifty dollars, whichever is greater. This fee may change by applicable statutory provisions.

LEAK ADJUSTMENT

$1.79 per 1,000 gallons.

To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

5

WEST VIRGINIA

Infrastructure & Jobs Development Council

Gov. Joe Manchin, III
Chairman

Kenneth Lowe, Jr.
Public Member

Dwight Calhoun
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Angela K. Chestnut, P.E.
Executive Director

Barbara J. Pauley
Administrative Secretary

July 12, 2010

Kim Devaugh, General Manager
Northern Jackson County Public Service District
39 Gilmore Drive
Sandyville, WV 25275

Re: Northern Jackson County Public Service District
Revised Water Project 2008W-1042 (Lockhart Fork-Medina Road)

Dear Ms. Flinn:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Northern Jackson County Public Service District's (District) revised preliminary application to extend water service to 55 new customers in the Lockhart Fork and Medina Road areas (Project).

Based on the findings of the Water Technical Review Committee, the Infrastructure 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 as the District may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the revised preliminary application, the Infrastructure Council recommends that the District may be eligible for a $1,910,000 Infrastructure Fund loan (0%, 40 years) and a $390,000 Infrastructure Fund grant to fund this $2,300,000 Project, pending final determination of the project's eligibility and readiness to proceed. **Please note that this letter is not a commitment of Infrastructure Funds.** The Project will be placed on the Infrastructure Council's pending list of projects.

If you have any questions regarding this matter, please contact James W. Ellars at 304-558-4607 (X201).

Sincerely,

Kenneth Lowe, Jr.

Enclosure

cc: Bob Decrease, P.E., BPH (w/o enclosure) *(via e-mail)*
Jim Hildreth, Boyles & Hildreth
Robert Leach, Mid-Ohio Valley Regional Council

180 Association Drive • Charleston, WV 25311 • Phone (304) 558-4607 • Fax (304) 558-4609

STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR PUBLIC HEALTH
OFFICE OF ENVIRONMENTAL HEALTH SERVICES

Joe Manchin III
Governor

Patsy A. Hardy, FACHE, MSN, MBA
Cabinet Secretary

MEMORANDUM

TO: Chris Jarrett, Funding Committee
WV Infrastructure and Jobs Development Council

FROM: Robert W. DeCrease, P.E.
Water Technical Review Committee

DATE: June 25, 2010

SUBJECT: IJDC Preliminary Application Project No.: **2008W-1042 (Revised)**
Northern Jackson County PSD –Lockhart Frk-Medina Rd Waterline Extension Project
Jackson County

---

1. The Committee has reviewed the pre-application and preliminary engineering report submitted for the above-referenced project in accordance with Chapter 31, Article 15-A. It has been determined that the project is:

   a. ✓ Consistent with the intent of the Infrastructure and Jobs Development Act and is the most cost-effective and environmentally sound alternative for solving the drinking water needs in this area.

   b. ____ Consistent with the Act but may not be the most cost-effective and environmentally sound alternative for solving the drinking water needs in this area.

   c. ____ Consistent with the intent of the Act and most cost-effective and environmentally sound alternative for solving the drinking water needs in this area **except** that certain issues need to be addressed prior to design and construction, as the attached comments indicate.

350 Capitol Street, Room 313
Charleston, West Virginia 25301-3713
Telephone: (304) 558-2981

2. Our recommendation is that:

   a. ✓ The Funding Committee needs to review the proposed sources of funding to determine the best mix of grant and/or loan funds in accordance with applicable guidelines.

   b. ____ The Funding Committee should recommend that Council approve the proposed project and its funding plan.

   c. ____ The Funding Committee does not need to review the funding assumptions on this project because of deficiencies in the engineering report. The proposed project funding should be denied until technical comments have been resolved.

   d. ____ The project be referred to the Consolidation Committee.

3. Other remarks:

   The PSC staff recommends a user rate of $40.71 (1.52% MHI) which will provide a cash flow surplus of $96 and debt service coverage of 125.6%.

KJH:bms

pc: St. Albans District Office
To be distributed at the Funding Committee Meeting

STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR PUBLIC HEALTH
OFFICE OF ENVIRONMENTAL HEALTH SERVICES

Joe Manchin III
Governor

Patsy A. Hardy, FACHE, MSN, MBA
Cabinet Secretary

MEMORANDUM

TO: Robert W. Decrease, P.E., Manager
Infrastructure & Capacity Development

FROM: Kristy J. Huffman, P.E. Kristy J Huffman
Infrastructure & Capacity Development

DATE: June 24, 2010

SUBJECT: IJDC Preliminary Application Project No.: **2008W-1042 (Revised)**
Northern Jackson County PSD – Lockhart Fork-Medina Rd Waterline Extension Project
Jackson County

RECOMMENDATION:

This project is technically feasible. Recommend the preliminary application be forwarded to the Funding Committee. See concern below.

PROJECT SCOPE:

This REVISED application reflects a construction cost increase, an increase in scope, and subsequent change in the total project costs from $1,900,000 to $2,300,000.

This preliminary application is to extend water service to 55 new customers in the Lockhart Fork and Medina Road areas of the Northern Jackson County PSD. The project will consist of the installation of 45,000 LF of 6"; 2,500 LF of 4"; and 2,000 of 2" waterline; a PRV station and all necessary valves and appurtenances.

The project cost is $2,300,000. [WVIJDC Loan: $1,910,000 @ (0.0% , 38 yrs), WVIJDC Grant: $390,000]. The cost per customer is $41,818.

NEED FOR THE PROJECT:

The Preliminary Engineering Report indicates the residences in the proposed area to be served, currently use private wells, many of which have low quantity and substandard quality.

CONCERNS:

The cost per customer of $41,818 is extremely high.

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350 Capitol Street, Room 313
Charleston, West Virginia 25301-3713
Telephone: (304) 558-2981

PERMITS:

A permit **will be** required from the WV Bureau for Public Health prior to construction.

ENGINEERING FEES:

The engineering costs and the design engineering costs for the waterline extension project are "above the curve" as referenced in the American Society of Civil Engineers manual of practice. A variance should be required by IJDC pursuant to article fifteen-a, chapter thirty-one of §5G.

ASSET MANAGEMENT PLAN AND ANNUAL MAINTANENCE AUDIT:

Currently, there is an asset management plan for Northern Jackson County PSD.

RANKING:

Public Health: **5**

Compliance: **0**

KJH:bms

Public Service Commission
Of West Virginia

201 Brooks Street, P. O. Box 812
Charleston, West Virginia 25323

Phone: (304) 340-0300
FAX: (304) 340-0325

RECEIVED
JUN 24 2010
By

June 22, 2010

Mr. Robert W. DeCrease, P.E.
Office of Environmental Health Services
Capitol and Washington Streets
1 Davis Square, Suite 200
Charleston, West Virginia 25301-1798

Re: Public Service Commission Staff Review Comments
Application No. 2008W-1042 (Revised)
Northern Jackson PSD
Infrastructure Preliminary Application

Dear Mr. DeCrease:

As requested, the Technical Staff of the Public Service Commission of West Virginia has completed its review of the above-referenced Infrastructure application. In light of Technical Staff's comments enclosed herewith, we are recommending the application be:

_x_ forwarded to the Funding Committee

___ forwarded to the Consolidation Committee

___ returned to the Applicant

Please advise if you have any questions.

Sincerely,

Ingrid Ferrell

Ingrid Ferrell
Engineering Division
IFerrell@psc.state.wv.us

Enclosures
IF:vt

PUBLIC SERVICE COMMISSION STAFF
TECHNICAL REVIEW

DATE: **JUNE 22, 2010**

PROJECT SPONSOR: NORTHERN JACKSON PUBLIC SERVICE DISTRICT

PROJECT SUMMARY: Water extension to include approximately 41,000 LF of 6-inch waterline, 77 test stations, one pressure reducing station and necessary appurtenances.

PROPOSED FUNDING:	WVIJDC	Grant	$ 290,000
	WVIJDC	Loan 0%, 40 years	1,910,000
	Total		$ 2,200,000

CURRENT RATES:	$37.66	4,000 gallons
PROPOSED RATES:	$40.66	4,000 gallons

Application No. 2008W-1042 (Revised)

RECOMMENDATION: _X_ forward to the Funding Committee.
____ forward to the Consolidation Committee.
____ return to the Applicant.

FINANCIAL: Bonnie Boston

1. Current rates ($37.66 for 4,000 gallons) are above the rates attributable to 1% ($26.84) and 1.25% ($33.56) of the Median Household Income (MHI), but below the rates attributable to 1.5% ($40.27) and 1.75% ($46.98) of the MHI. Increasing current rates to 1.5% and 1.75% of the MHI would provide additional revenues of $34,040 and $121,692, respectively.

2. Using Scenario 1, the preferred funding package which includes an uncommitted IJDC grant for $290,000 and an uncommitted IJDC loan of $1,910,000 at 0% for 40 years (paid back over 38 years), current rates ($37.66 for 4,000 gallons) would provide a cash flow deficit of $39,002 and debt service coverage of 106.55%. An additional 8.1% increase in current rates (for a total of $40.71 for 4,000 gallons) would be required in order to provide a cash flow surplus of $96 and debt service coverage of 125.61%.

3. Staff's detailed adjustments are listed on Attachment A for Scenario 1 Preferred Funding Package and Attachment B for Scenario 2 Loan Package.

4. Using the Scenario 2 alternate loan package of $2,200,000 at 5% for 40 years (paid back over 38 years), current rates ($37.66 for 4,000 gallons) would provide a cash flow deficit of $127,181 and debt service coverage of 77.14%. An additional 26.4% increase in current rates (for a total of $47.60 for 4,000 gallons) would be required in order to provide a cash flow surplus of $57 and debt service coverage of 122.07%.

5. NOTES TO COMMENTS:

A. The application showed MHI as $32,434. However, Staff used an MHI of $32,213 for Jackson County, per the 2000 census.

B. The Rule 42 included with this application was prepared using revenue assumptions based on the proposed rates for this project ($40.66 for 4,000 gallons). However, Staff notes that Northern Jackson County Public Service District (District) applied to the Public Service Commission for a 14.7% rate increase (to $43.21 for 4,000 gallons) in Case No. 09-2053-PWD-19A.

C. On March 31, 2010, Staff filed a final memo and report in Case No. 09-2053-PWD-19A, where it was noted that the District experienced a loss of revenue because 81 customers, who were anticipated to connect to the District's system through a previous extension project and who were charged a minimum bill after the expiration of the contract period, decided against connecting to the District's system. This resulted in the loss of that revenue to the District, however, Staff opined that the current rates of the District were sufficient and recommended no rate increase be granted. Case No. 09-2053-PWD-19A has been referred to the Division of Administrative Law Judges, with a decision due on or before August 16, 2010.

D. Staff used the Per Books and Pro Forma data from the Statement A that was included with the Applicant's Rule 42 as the basis for columns 1 and 2 on the cash flow analyses.

E. Staff used data from Exhibit 1 that was included with Staff's final memo and report filed on March 31, 2010 in Case No. 09-2053-PWD-19A , as the basis for column 4 on Staff's cash flow analyses. Column 3 on Staff's cash flow analyses show the difference between the applicant's Pro Forma data (based on proposed rates of $40.66 for 4,000 gallons) and the data from Exhibit 1 (based on Staff Recommended /Current rates of $37.66 for 4,000 gallons).

F. Staff used data from the aforementioned Exhibit 1, plus anticipated project related

revenues and costs, as the basis for column 6 of the cash flow analyses, then added revenues and adjusted rates needed to achieve positive cash flow and debt service coverage of at least 115% for each scenario.

G. This infrastructure application was previously reviewed in May 2008. On May 14, 2008, the proposed funding package totaled $1,910,000, consisting of an IJDC grant for $955,000 and an IJDC loan for $955,000 at 0% for 40 years. A second review was prepared on May 28, 2008, for a proposed funding package consisting of an IJDC loan for $1,910,000 at 0% for 40 years. This project requests a $290,000 IJDC grant in addition to the previous request for a $1,910,000 loan.

ENGINEERING: John Mottesheard

1. This project will require a Certificate of Convenience and Necessity from the PSC. The project sponsor should reference this application number on the PSC's Form No. 4 when its application is filed at the Commission given the requirement of West Virginia Code 24-2-11 (c) and (e).

2 Project Feasibility:

This application is being resubmitted in order to update the project costs and also the project itself. It now proposes to extend service to 55 (up from 49) additional customers. The project is technically feasible. Staff notes that engineering fees to construction are 16% (down from %17.6).

3. Cost per customer

This extension will average 6 customers per mile @ $41,818 (up from $39,000) per customer which Staff still considers high.

According to the application, the initial debt service load for the proposed project would be about $914.10 per new customer per year whereas the District's total debt load is now about $151 per customer-year. Composite debt load would be approximately $189 per customer-year after the project is completed or, an increase of 25%

4 Project Alternatives:

While alternatives were presented, Staff has no issues with the chosen project.

5. Consolidation:

None

6. Inconsistencies:

None

7. Operation and Maintenance Expenses:

The District has estimated additional annual O & M at $7,500. Staff feels this figure is adequate for planning purposes.

8. Engineering Agreement:

The applicant has included evidence of compliance in the application with West Virginia Code 5G-1-1, et seq.

9. Staff recommends this application be forwarded to the Funding Committee.

Preliminary Project Ranking:

5. O & M Capabilities:
   - Performance Measures = 1 pt.
   - Asset Management Plan = 1 pt.
   - Environmental Management = 0 pts.
6. Readiness To Proceed: = 0 pts.
8. Cost effectiveness: = 0 pts.
10. Compliance with PSC Orders: = 0 pts.

NORTHERN JACKSON PUBLIC SERVICE DISTRICT
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2009
APPLICATION NO: 2008W-1042 Revised
June 22, 2010

PREFERRED FUNDING PACKAGE
SCENARIO 1

		Per Books Per Rule 42 with Application Before Project		Proforma Per Rule 42 with Application With Project		Staff Adjustments to level of Staff Recommended in Case 09-2053-PWD-19A		Exhibit 1 - Staff Recommended Rates Case. 09-2053-PWD-19A Before Project		Staff Adjustments for Project		Per Staff Analysis with Project
		1		2		3		4		5		6
		$		$		$		$		$		$
AVAILABLE CASH												
Operating Revenues		491,874		536,279	(1)	(59,724)		476,555	(8)	57,815		534,370
Other Operating Revenue		20,880		16,916	(2)	(913)		16,003		-		16,003
Interest Income & Other Miscell.		6,964		6,964		-		6,964		-		6,964
Total Cash Available		519,718		560,159		(60,637)		499,522		57,815		557,337
OPERATING DEDUCTIONS												
Operating Expenses		262,826		282,344	(3)	(5,126)		277,218	(9)	7,275		284,493
Taxes		6,280		6,906	(4)	1,754		8,660		-		8,660
Total Cash Requirements Before Debt Service		269,106		289,250		(3,372)		285,878		7,275		293,153
Cash Available for Debt Service	(A)	250,612		270,909		(57,265)		213,644		50,540		264,184
DEBT SERVICE REQUIREMENTS												
Principal & Interest	(B)	156,753		210,316	(5)	(50,263)		160,053	(10)	50,263		210,316
Tank Painting Reserve		20,000		20,000		-		20,000		-		20,000
Reserve Account @ 10%		14,987		20,013	(6)	(5,026)		14,987	(11)	5,026		20,013
Renewal & Replacement Fund (2.5%)		12,819		13,830	(7)	(1,342)		12,488	(12)	1,271		13,759
Total Debt Service Requirement		204,559		264,159		(56,631)		207,528		56,560		264,088
Remaining Cash		46,053		6,750		(634)		6,116		(6,020)		96
Percent Coverage	(A)/(B)	159.88%		128.81%				133.48%				125.61%
Average rate for 4,000 gallons		$ 37.66		$ 40.66		$ (3.00)		$ 37.66		$ 3.05		$ 40.71

NORTHERN JACKSON PUBLIC SERVICE DISTRICT
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2009
APPLICATION NO: 2008W-1042 Revised

Staff Adjustments

Adjustment Description		$	Increase <Decrease>
(1) **Operating Revenues**	**Per Staff Analysis**	**476,555**	**(59,724)**
	Per Application with Project	**536,279**	
Adjusted to pre-project level recommended by Staff in Case No. 09-2053-PWD-19A, per Exhibit 1 that was included in Staff memo and report filed on March 31, 2010. Note: an Order has not yet been issued in that case.			
(2) **Other Operating Revenue**	**Per Staff Analysis**	**16,003**	**(913)**
	Per Application with Project	**16,916**	
Adjusted to pre-project level recommended by Staff in Case No. 09-2053-PWD-19A, per Exhibit 1 that was included in Staff memo and report filed on March 31, 2010. Note: an Order has not yet been issued in that case.			
(3) **Operating Expenses**	**Per Staff Analysis**	**277,218**	**(5,126)**
	Per Application with Project	**282,344**	
Adjusted to pre-project level recommended by Staff in Case No. 09-2053-PWD-19A, per Exhibit 1 that was included in Staff memo and report filed on March 31, 2010. Note: an Order has not yet been issued in that case.			
(4) **Taxes**	**Per Staff Analysis**	**8,660**	**1,754**
	Per Application with Project	**6,906**	
Adjusted to pre-project level recommended by Staff in Case No. 09-2053-PWD-19A, per Exhibit 1 that was included in Staff memo and report filed on March 31, 2010. Note: an Order has not yet been issued in that case.			
(5) **Principal & Interest**	**Per Staff Analysis**	**160,053**	**(50,263)**
	Per Application with Project	**210,316**	
Adjusted to pre-project level recommended by Staff in Case No. 09-2053-PWD-19A, per Exhibit 1 that was included in Staff memo and report filed on March 31, 2010. Note: an Order has not yet been issued in that case.			
(6) **Reserve Account @ 10%**	**Per Staff Analysis**	**14,987**	**(5,026)**
	Per Application with Project	**20,013**	
Adjusted to pre-project level recommended by Staff in Case No. 09-2053-PWD-19A, per Exhibit 1 that was included in Staff memo and report filed on March 31, 2010. Note: an Order has not yet been issued in that case.			
(7) **Renewal & Replacement Fund (2.5%)**	**Per Staff Analysis**	**12,488**	**(1,342)**
	Per Application with Project	**13,830**	
Adjusted to pre-project level recommended by Staff in Case No. 09-2053-PWD-19A, per Exhibit 1 that was included in Staff memo and report filed on March 31, 2010. Note: an Order has not yet been issued in that case.			(120,640)

NORTHERN JACKSON PUBLIC SERVICE DISTRICT
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2009
APPLICATION NO: 2008W-1042 Revised

Staff Adjustments

Adjustment Description		$	Increase <Decrease>
(8) **Operating Revenues**	**Per Staff Analysis**	**534,370**	**57,815**
	Per Application with Project	**476,555**	

To add $17,715 in additional revenues based on an estimated 49 new customers at Staff Recommended rates ($37.66 for 4,000 gallons) per Case No. 09-2053-PWD-19A, plus $40,100 in additional revenues needed to achieve 115% debt coverage and a positive cash balance for Scenario 1.

(9) **Operating Expenses**	**Per Staff Analysis**	**284,493**	**7,275**
	Per Application with Project	**277,218**	

To add $7,275 in additional project-related expenses per Proforma adjustments in applicant's Rule 42.

(10) **Principal & Interest**	**Per Staff Analysis**	**210,316**	**50,263**
	Per Application with Project	**160,053**	

To add principal and interest associated with Scenario 1 new debt, which is for a proposed IJDC loan for $1,910,000 at 0% for 40 years (paid back over 38 years) and a proposed IJDC grant for $290,000.

(11) **Reserve Account @ 10%**	**Per Staff Analysis**	**20,013**	**5,026**
	Per Application with Project	**14,987**	

Staff assumed a 10% reserve on the new debt for Scenario 1.

(12) **Renewal & Replacement Fund (2.5%)**	**Per Staff Analysis**	**13,759**	**1,271**
	Per Application with Project	**12,488**	

Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.

NORTHERN JACKSON PUBLIC SERVICE DISTRICT
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2009
APPLICATION NO: 2008W-1042 Revised
June 22, 2010

LOAN PACKAGE
SCENARIO 2

		Per Books Per Rule 42 with Application Before Project	Proforma Per Rule 42 with Application With Project		Staff Adjustments to level of Staff Recommended in Case 09-2053-PWD-19A	Exhibit 1 - Staff Recommended Rates Case. 09-2053-PWD-19A Before Project		Staff Adjustments for Project	Per Staff Analysis with Project
		1	2		3	4		5	6
		$	$		$	$		$	$
AVAILABLE CASH									
Operating Revenues		491,874	536,279	(1)	(59,724)	476,555	(8)	148,215	624,770
Other Operating Revenue		20,880	16,916	(2)	(913)	16,003		-	16,003
Interest Income & Other Miscell.		6,964	6,964		-	6,964		-	6,964
Total Cash Available		519,718	560,159		(60,637)	499,522		148,215	647,737
OPERATING DEDUCTIONS									
Operating Expenses		262,826	282,344	(3)	(5,126)	277,218	(9)	7,275	284,493
Taxes		6,280	6,906	(4)	1,754	8,660		-	8,660
Total Cash Requirements Before Debt Service		269,106	289,250		(3,372)	285,878		7,275	293,153
Cash Available for Debt Service	(A)	250,612	270,909		(57,265)	213,644		140,940	354,584
DEBT SERVICE REQUIREMENTS									
Principal & Interest	(B)	156,753	210,316	(5)	(50,263)	160,053	(10)	130,425	290,478
Tank Painting Reserve		20,000	20,000		-	20,000		-	20,000
Reserve Account @ 10%		14,987	20,013	(6)	(5,026)	14,987	(11)	13,043	28,030
Renewal & Replacement Fund (2.5%)		12,819	13,830	(7)	(1,342)	12,488	(12)	3,531	16,019
Total Debt Service Requirement		204,559	264,159		(56,631)	207,528		146,999	354,527
Remaining Cash		46,053	6,750		(634)	6,116		(6,059)	57
Percent Coverage	(A)/(B)	159.88%	128.81%			133.48%			122.07%
Average rate for 4,000 gallons		$ 37.66	$ 40.66		$ (3.00)	$ 37.66		$ 9.94	$ 47.60

NORTHERN JACKSON PUBLIC SERVICE DISTRICT
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2009
APPLICATION NO: 2008W-1042 Revised

Staff Adjustments

Adjustment Description		$	Increase <Decrease>
(1) **Operating Revenues**	**Per Staff Analysis**	**476,555**	**(59,724)**
	Per Application with Project	**536,279**	
Adjusted to pre-project level recommended by Staff in Case No. 09-2053-PWD-19A, per Exhibit 1 that was included in Staff memo and report filed on March 31, 2010. Note: an Order has not yet been issued in that case.			
(2) **Other Operating Revenue**	**Per Staff Analysis**	**16,003**	**(913)**
	Per Application with Project	**16,916**	
Adjusted to pre-project level recommended by Staff in Case No. 09-2053-PWD-19A, per Exhibit 1 that was included in Staff memo and report filed on March 31, 2010. Note: an Order has not yet been issued in that case.			
(3) **Operating Expenses**	**Per Staff Analysis**	**277,218**	**(5,126)**
	Per Application with Project	**282,344**	
Adjusted to pre-project level recommended by Staff in Case No. 09-2053-PWD-19A, per Exhibit 1 that was included in Staff memo and report filed on March 31, 2010. Note: an Order has not yet been issued in that case.			
(4) **Taxes**	**Per Staff Analysis**	**8,660**	**1,754**
	Per Application with Project	**6,906**	
Adjusted to pre-project level recommended by Staff in Case No. 09-2053-PWD-19A, per Exhibit 1 that was included in Staff memo and report filed on March 31, 2010. Note: an Order has not yet been issued in that case.			
(5) **Principal & Interest**	**Per Staff Analysis**	**160,053**	**(50,263)**
	Per Application with Project	**210,316**	
Adjusted to pre-project level recommended by Staff in Case No. 09-2053-PWD-19A, per Exhibit 1 that was included in Staff memo and report filed on March 31, 2010. Note: an Order has not yet been issued in that case.			
(6) **Reserve Account @ 10%**	**Per Staff Analysis**	**14,987**	**(5,026)**
	Per Application with Project	**20,013**	
Adjusted to pre-project level recommended by Staff in Case No. 09-2053-PWD-19A, per Exhibit 1 that was included in Staff memo and report filed on March 31, 2010. Note: an Order has not yet been issued in that case.			
(7) **Renewal & Replacement Fund (2.5%)**	**Per Staff Analysis**	**12,488**	**(1,342)**
	Per Application with Project	**13,830**	
Adjusted to pre-project level recommended by Staff in Case No. 09-2053-PWD-19A, per Exhibit 1 that was included in Staff memo and report filed on March 31, 2010. Note: an Order has not yet been issued in that case.			(120,640)

NORTHERN JACKSON PUBLIC SERVICE DISTRICT
CASH FLOW ANALYSIS
YEAR ENDED: June 30, 2009
APPLICATION NO: 2008W-1042 Revised

Staff Adjustments

	Adjustment Description		$	Increase <Decrease>
(8)	**Operating Revenues**	**Per Staff Analysis**	**624,770**	**148,215**
		Per Application with Project	**476,555**	

Added $17,715 in additional revenues based on an estimated 49 new customers at Staff Recommended rates ($37.66 for 4,000 gallons) per Case No. 09-2053-PWD-19A, plus $130,500 in additional revenues needed to achieve 115% debt coverage and a positive cash balance for Scenario 2.

(9)	**Operating Expenses**	**Per Staff Analysis**	**284,493**	**7,275**
		Per Application with Project	**277,218**	

To add $7,275 in additional project-related expenses per Proforma adjustments in applicant's Rule 42.

(10)	**Principal & Interest**	**Per Staff Analysis**	**290,478**	**130,425**
		Per Application with Project	**160,053**	

To add principal and interest associated with Scenario 2 new debt, which is for an alternate loan package for $2,200,000 at 5% for 40 years (paid back over 38 years).

(11)	**Reserve Account @ 10%**	**Per Staff Analysis**	**28,030**	**13,043**
		Per Application with Project	**14,987**	

Staff assumed a 10% reserve on the new debt for Scenario 2.

(12)	**Renewal & Replacement Fund (2.5%)**	**Per Staff Analysis**	**16,019**	**3,531**
		Per Application with Project	**12,488**	

Staff used 2.5% of the projection of "Operating & Other Revenues" as the basis of the renewal & replacement fund.

OEHS District Review for Infrastructure Council Water Projects

Water System:	Northern Jackson Co. PSD	IJDC Number:	2008W-1042 (Rev)
Project Description:	Lockhart fork & Medina areas	Review by:	J.D. Douglas
County:	Jackson	Date:	5/26/2010

No.	Review Criteria	Yes	No	N/A	Comments (Especially if No is indicated or providing a DWTRF score)
1.	Does the district agree that the project scope seems to be the most feasible solution?	x			
2.	Is this the most practical project to correct the problem stated in the application?	x			
3.	Does the project solve the major operation maintenance problems in the water system?			x	
4.	Does the project eliminate deficiencies noted in the sanitary survey?			x	
5.	Should these improvements be made to this system versus another system that could serve the same area?	x			
6.	The application has an alternative in it evaluating the most likely consolidation option?			x	
7.	Do you agree with the need statement for the project?	x			
8.	Has the engineer included all justification (that you are aware of) in the project application?	x			
9.	Is the management of the water system capable of completing this project?	x			
10.	Other comments				

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$1,910,000
NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012
(WEST VIRGINIA INFRASTRUCTURE FUND)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for the benefit of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the undersigned Chairman of the Northern Jackson County Public Service District (the "District"), for and on behalf of the District, hereby certify as follows:

1. On the 24th day of July, 2012, at Charleston, West Virginia, the Authority, for the benefit of the Council, received the Northern Jackson County Public Service District, Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund) (the "Series 2012 Bond"), numbered R-1, in the amount of $1,910,000, dated as of the date hereof. The Series 2012 Bond represents the entire above-captioned issue.

2. At the time of such receipt, the Series 2012 Bond had been executed and sealed by the designated officials of the District.

3. The District has received and WKB hereby acknowledges receipt from the Authority, through the Council, of the sum of $182,323.00, being a portion of the principal amount of the Series 2012 Bond. The balance of the principal amount of the Series 2012 Bond will be advanced to the District by the Authority, through the Council, as the acquisition and construction of the Project progresses.

WITNESS my signature on this 24th day of July, 2012.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Sheila G. Miller
Authorized Representative

NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

By: Jami G. Stephens
Chairperson

RESOLUTION OF THE NORTHERN JACKSON COUNTY PSD APPROVING INVOICES RELATING TO THE MEDINA-LOCKHART FORK WATER EXTENSION PROJECT AND AUTHORIZING PAYMENT THEREOF,

DRAWDOWN NO. 1
for the period
October 15, 2011 to July 24, 2012

WHEREAS, the Northern Jackson County PSD (DISTRICT) has reviewed the invoices attached hereto and incorporated herein by reference relation to the Project funded in part by the West Virginia Infrastructure & Jobs Development Council (WVIJDC Project No. 2008W-1042) and find as follows:

a) That none of the items for which payment is proposed to be made has formed the basis for any disbursement theretofore made.

b) That each item for which the payment is proposed to be paid is or was necessary in connection with the Project and constitutes a Cost of the project.

c) That each of such costs has been otherwise properly incurred.

d) That the payment for each of the items proposed is due and owing.

NOW, THEREFORE, BE IT RESOLVED by the DISTRICT as follows:

There is hereby authorized and directed the payment of the attached invoices as follows:

Vendor	WVIJDC
Boyles and Hildreth, Consulting Engineers invoice dated 7/10/12	$ 35,812.50
Goodwin & Goodwin invoice dated 5/11/12	25,500.00
Goodwin & Goodwin invoice dated 6/26/12	16,250.00
Smith, Cochran, & Hicks, PLLC invoice dated 3/29/12	7,500.00
WDA 2009 loan payoff	95,570.65
Reimbursement to the District for acquisition of Petty right-of-way & registrar fee renewal (design loan)	1,500.00
Reimbursement to the District for Jackson Newspapers invoices dated 5/22/12 & 5/24/12	230.80
WVIJDC Rounding Amount	-
TOTAL	$ 182,363.95

ADOPTED BY the District, at the meeting held on the 17th day of July 2012.

Northern Jackson County Public Service District
By: John D. Stephens
Its: Chairperson

NORTHERN JACKSON COUNTY
PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012
(WEST VIRGINIA INFRASTRUCTURE FUND)

REQUEST AND AUTHORIZATION TO
AUTHENTICATE AND DELIVER BOND

July 24, 2012

WesBanco Bank, Inc.
1 Bank Plaza
Wheeling, WV 26003-3565
Attention: Trust Department

Ladies and Gentlemen:

We herewith hand to you, duly executed, the $1,910,000 Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund) (the "Bond"), issued by the Northern Jackson County Public Service District (the "Issuer"), authorized to be issued under and pursuant to the Bond Resolution adopted on June 8, 2012, as amended by a Supplemental Resolution adopted by the District on July 17, 2012 (collectively, the "Resolution"). Other defined terms herein shall have the meanings respectively given such terms in the Resolution.

You have received all the documents required to be filed with you pursuant to the Resolution.

You are hereby requested and authorized to authenticate and deliver the Bond on behalf of the Issuer to the West Virginia Water Development Authority, as the Purchaser of the Bond, for the benefit of the West Virginia Infrastructure and Jobs Development Council, upon payment of $~~86,793.30~~, being more than a deminimus portion of the purchase price of $1,910,000.00. 182,363.95
WKB

NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

By: Jerri G Stephens
Chairperson

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1 $1,910,000

KNOW ALL MEN BY THESE PRESENTS: That NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Jackson 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 NINE HUNDRED TEN THOUSAND DOLLARS ($1,910,000), 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, 2014, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

SPECIMEN

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may 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 July 24, 2012.

This Bond is issued (i) to pay the Series 2009 Note; (ii) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of this Bond and related costs. The existing public water facilities of the Issuer, the Project and any further improvements 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 Code of West Virginia, 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on June 8, 2012, and a Supplemental Resolution duly adopted by the Issuer

on July 17, 2012 (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 this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) TAXABLE WATER REVENUE BOND, SERIES 1995, DATED DECEMBER 14, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $125,000, (2) WATER REVENUE BOND, SERIES 1999, DATED JUNE 24, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $710,000, (3) WATER REVENUE BOND, SERIES 2005A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 23, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,035,472, (4) WATER REVENUE BOND, SERIES 2005B (RURAL UTILITIES SERVICE), DATED JUNE 23, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $950,000, AND (5) WATER REVENUE BOND, SERIES 2005C (RURAL UTILITIES SERVICE), DATED JUNE 23, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $113,000 (COLLECTIVELY, THE "PARITY BONDS").

SPECIMEN

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Parity Bonds, and from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2012 Bond Reserve Account") and unexpended proceeds of this Bond. 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 an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2012 Bond Reserve Account and unexpended proceeds of this Bond. 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 of principal of and interest, if any, on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Parity Bonds; provided however, that so long as there exists in the Series 2012 Bond Reserve Account, an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Parity 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 Owner (as defined in the Bond Legislation) of this Bond for the

terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation) 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 the costs of issuance hereof as described in the Bond Legislation and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of this Bond.

SPECIMEN

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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, NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated July 24, 2012.

[SEAL]

SPECIMEN

Chairperson

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2012 Bond described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: July 24, 2012.

SPECIMEN

WesBanco Bank, Inc., as Registrar

By: _____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$182,363.95	7/24/12	(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)	$	

SPECIMEN

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

SPECIMEN

Bond Debt Service

Northern Jackson County PSD

IF

$1,910,000

0% Interest Rate

40 Years from Closing Date

Dated Date	7/24/2012
Delivery Date	7/24/2012

Period Ending	Principal	Interest	Debt Service
6/1/2014	12,484		12,484
9/1/2014	12,484		12,484
12/1/2014	12,484		12,484
3/1/2015	12,484		12,484
6/1/2015	12,484		12,484
9/1/2015	12,484		12,484
12/1/2015	12,484		12,484
3/1/2016	12,484		12,484
6/1/2016	12,484		12,484
9/1/2016	12,484		12,484
12/1/2016	12,484		12,484
3/1/2017	12,484		12,484
6/1/2017	12,484		12,484
9/1/2017	12,484		12,484
12/1/2017	12,484		12,484
3/1/2018	12,484		12,484
6/1/2018	12,484		12,484
9/1/2018	12,484		12,484
12/1/2018	12,484		12,484
3/1/2019	12,484		12,484
6/1/2019	12,484		12,484
9/1/2019	12,484		12,484
12/1/2019	12,484		12,484
3/1/2020	12,484		12,484
6/1/2020	12,484		12,484
9/1/2020	12,484		12,484
12/1/2020	12,484		12,484
3/1/2021	12,484		12,484
6/1/2021	12,484		12,484
9/1/2021	12,484		12,484
12/1/2021	12,484		12,484
3/1/2022	12,484		12,484
6/1/2022	12,484		12,484
9/1/2022	12,484		12,484
12/1/2022	12,484		12,484
3/1/2023	12,484		12,484
6/1/2023	12,484		12,484
9/1/2023	12,484		12,484
12/1/2023	12,484		12,484
3/1/2024	12,484		12,484
6/1/2024	12,484		12,484
9/1/2024	12,484		12,484
12/1/2024	12,484		12,484

SPECIMEN

Bond Debt Service

Northern Jackson County PSD

IF

$1,910,000

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
3/1/2025	12,484		12,484
6/1/2025	12,484		12,484
9/1/2025	12,484		12,484
12/1/2025	12,484		12,484
3/1/2026	12,484		12,484
6/1/2026	12,484		12,484
9/1/2026	12,484		12,484
12/1/2026	12,484		12,484
3/1/2027	12,484		12,484
6/1/2027	12,484		12,484
9/1/2027	12,484		12,484
12/1/2027	12,484		12,484
3/1/2028	12,484		12,484
6/1/2028	12,484		12,484
9/1/2028	12,484		12,484
12/1/2028	12,484		12,484
3/1/2029	12,484		12,484
6/1/2029	12,484		12,484
9/1/2029	12,484		12,484
12/1/2029	12,484		12,484
3/1/2030	12,484		12,484
6/1/2030	12,484		12,484
9/1/2030	12,484		12,484
12/1/2030	12,484		12,484
3/1/2031	12,484		12,484
6/1/2031	12,484		12,484
9/1/2031	12,484		12,484
12/1/2031	12,484		12,484
3/1/2032	12,484		12,484
6/1/2032	12,484		12,484
9/1/2032	12,484		12,484
12/1/2032	12,484		12,484
3/1/2033	12,484		12,484
6/1/2033	12,484		12,484
9/1/2033	12,484		12,484
12/1/2033	12,484		12,484
3/1/2034	12,484		12,484
6/1/2034	12,484		12,484
9/1/2034	12,484		12,484
12/1/2034	12,484		12,484
3/1/2035	12,484		12,484
6/1/2035	12,484		12,484
9/1/2035	12,484		12,484
12/1/2035	12,484		12,484
3/1/2036	12,484		12,484
6/1/2036	12,484		12,484
9/1/2036	12,484		12,484

SPECIMEN

Bond Debt Service

Northern Jackson County PSD

IF

$1,910,000

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
12/1/2036	12,484		12,484
3/1/2037	12,484		12,484
6/1/2037	12,484		12,484
9/1/2037	12,484		12,484
12/1/2037	12,484		12,484
3/1/2038	12,484		12,484
6/1/2038	12,484		12,484
9/1/2038	12,484		12,484
12/1/2038	12,484		12,484
3/1/2039	[illegible]		[illegible]484
6/1/2039	[illegible]		12,483
9/1/2039	12,483		12,483
12/1/2039	12,483		12,483
3/1/2040	12,483		12,483
6/1/2040	12,483		12,483
9/1/2040	12,483		12,483
12/1/2040	12,483		12,483
3/1/2041	12,483		12,483
6/1/2041	12,483		12,483
9/1/2041	12,483		12,483
12/1/2041	12,483		12,483
3/1/2042	12,483		12,483
6/1/2042	12,483		12,483
9/1/2042	12,483		12,483
12/1/2042	12,483		12,483
3/1/2043	12,483		12,483
6/1/2043	12,483		12,483
9/1/2043	12,483		12,483
12/1/2043	12,483		12,483
3/1/2044	12,483		12,483
6/1/2044	12,483		12,483
9/1/2044	12,483		12,483
12/1/2044	12,483		12,483
3/1/2045	12,483		12,483
6/1/2045	12,483		12,483
9/1/2045	12,483		12,483
12/1/2045	12,483		12,483
3/1/2046	12,483		12,483
6/1/2046	12,483		12,483
9/1/2046	12,483		12,483
12/1/2046	12,483		12,483
3/1/2047	12,483		12,483
6/1/2047	12,483		12,483
9/1/2047	12,483		12,483
12/1/2047	12,483		12,483
3/1/2048	12,483		12,483
6/1/2048	12,483		12,483

SPECIMEN

Bond Debt Service

Northern Jackson County PSD

IF

$1,910,000

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
9/1/2048	12,483		12,483
12/1/2048	12,483		12,483
3/1/2049	12,483		12,483
6/1/2049	12,483		12,483
9/1/2049	12,483		12,483
12/1/2049	12,483		12,483
3/1/2050	12,483		12,483
6/1/2050	12,483		12,483
9/1/2050	12,483		12,483
12/1/2050	12,483		12,483
3/1/2051	12,483		12,483
6/1/2051	12,483		12,483
9/1/2051	12,483		12,483
12/1/2051	12,483		12,483
3/1/2052	12,483		12,483
6/1/2052	12,484		12,484
	1,910,000		1,910,000

SPECIMEN

ASSIGNMENT

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

Dated: _____, 20___.

SPECIMEN

In the presence of:

_____

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July 24, 2012

Northern Jackson County Public Service District
Sandyville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Re: Northern Jackson County Public Service District, Water Revenue Bond, Series 2012 A (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We have served as bond counsel to Northern Jackson County Public Service District (the "Issuer") in connection with the issuance of its Water Revenue Bond, Series 2012 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bond").

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement for the Bond, dated July 24, 2012, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), for the benefit of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the Issuer's Bond to be purchased by the Authority, for the benefit of the Council, in accordance with the provisions of the Loan Agreement. The Bond is issued in the principal amount of $1,910,000, in the form of one bond, registered as to the Authority, for the benefit of the Council, bearing interest at the rate of zero percent (0%) per annum for forty (40) years, all as set forth in Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bond.

The 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 Code of West Virginia, 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the Series 2009 Note; (ii) financing a portion of the costs of acquiring and constructing certain improvements and extensions to the existing public water facilities for the Issuer (the "Project"); and (iii) paying costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Resolution duly adopted by the Issuer on June 8, 2012, as supplemented by a Supplemental Resolution duly adopted by the Issuer on July 17, 2012 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Bond is authorized and issued, and the Loan Agreement has been undertaken. The Bond is subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Resolution and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution and the Loan Agreement when used herein.

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

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

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

3. The Loan Agreement inures to the benefit of the Authority and the Council and cannot be amended so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

4. The Issuer has legally and effectively adopted the Resolution and all other necessary resolutions in connection with the issuance and sale of the Bond. The Resolution constitutes a valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms thereof and contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bond has been duly authorized, issued, executed and delivered by the Issuer to the Authority and is a valid, legally enforceable and binding special obligation of the Issuer. There are outstanding obligations of the Issuer which will rank on parity with the Bond as to liens, pledge and source of and security for payment, being the Taxable Water Revenue Bond, Series 1995,

dated December 14, 1995, Water Revenue Bond, Series 1999, dated June 24, 1999, Water Revenue Bond, Series 2005A (West Virginia Infrastructure Fund), dated June 23, 2005, Water Revenue Bond, Series 2005B (Rural Utilities Service), dated June 23, 2005, and Water Revenue Bond, Series 2005C (Rural Utilities Service), dated June 23, 2005 (collectively, the "Bonds"). There is also outstanding the Issuer's Water System Design Note, Series 2009 A (West Virginia WDA Fund), which will be repaid from the proceeds of the Bond. The Issuer has no other obligations outstanding that are payable from any source from which the Bond is payable.

6. Under the Act, the Bond and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, as presently written and applied.

7. The Bond has not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bond.

No opinion is given herein as to the effect upon the enforceability of the Bond under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

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

Respectfully submitted,

Goodwin + Goodwin, LLP

GOODWIN & GOODWIN, LLP

Goodwin & Goodwin, LLP
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July 24, 2012

Northern Jackson County Public Service District
Sandyville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: Northern Jackson County Public Service District, Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We are counsel to Northern Jackson County Public Service District (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Goodwin & Goodwin, LLP, as bond counsel, relating to the above-captioned Bond of the Issuer (the "Bond"), a Loan Agreement for the Bond, dated July 24, 2012, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), for the benefit of the West Virginia Infrastructure and Jobs Development Council (the "Council"), a Bond Resolution duly adopted by the Issuer on June 8, 2012, as supplemented by a Supplemental Resolution duly adopted on July 17, 2012 (collectively, the "Resolution"), and other documents relating to the Bond. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Loan Agreement and the Resolution when used herein.

We are of the opinion that:

1. The Issuer is a duly created and validly existing public service district and is a public corporation and a political subdivision of the State of West Virginia, with full power and authority to acquire, construct and proceed with the Project, to operate and maintain the System and to adopt the Resolution, all under Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

4. The Resolution has been duly adopted by the Board and is in full force and effect.

5. The execution and delivery of the Bond and the Loan Agreement and the consummation of the transactions contemplated by the Bond, the Loan Agreement and the Resolution, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any resolution, agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

6. 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 Bond, the acquisition and construction of the Project (upon reliance on the Engineer's Certificate of Boyles and Hildreth Consulting Engineers), the operation of the System and the imposition of rates and charges, including, without limitation, all requisite permits, approvals, orders and certificates from the Council and the Public Service Commission of West Virginia (the "PSC"). The Issuer has received the PSC Commission Order entered on January 26, 2012, in Case No. 11-1356-PWD-CN (the "Commission Order") granting a certificate of convenience and necessity for the Project, approving the acquisition and construction of the Project and the financing for the Project. The time for appeal of the Commission Order has expired prior to the date hereof without any appeal having been filed. The Commission Order is not subject to any further appeal, reopening or rehearing by any person. The Commission Order remains in full force and effect.

7. Upon reliance on the Engineer's Certificate of Boyles and Hildreth Consulting Engineers, we have ascertained that all successful bidders have provided the drug free workplace affidavit, submitted their drug free workplace plan, and the contracts contain language that comply with the Drug Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. We have also ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds, and we have reviewed such insurance policies or binders and such bonds for accuracy. We have reviewed the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project and verified that such surety bonds and policies

(1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Resolution and the Loan Agreement with the West Virginia Water Development Authority, for the benefit of the West Virginia Infrastructure and Jobs Development Council; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

8. The Issuer, through its Board, has legally and effectively adopted the water rates necessary to make the payments on the Bond from the rates described in the Resolution, and it has lawfully adopted and has filed a tariff that has been approved by the West Virginia Public Service Commission for the water rates that are described within the Resolution, which rates are not subject to appeal or protest.

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

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

Respectfully submitted,

GOODWIN & GOODWIN, LLP

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May 16, 2012

Via First Class Mail

West Virginia Infrastructure and Jobs
Development Council
180 Association Drive
Charleston, West Virginia 25311

Re: Title Opinion
IJDC #2008W-1042

Ladies and Gentlemen:

We are counsel to Northern Jackson County Public Service District ("District") in connection with a proposed project to construct an extension to an existing water gathering line system (the "Project"). We provide this title opinion on behalf of the District to satisfy one of your requirements of the financing the proposed Project. Please be advised of the following:

1. We are of the opinion that the District is a duly created and validly existing Public Service District ("PSD") possessed with all the powers and authority granted to PSD's under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the Bureau for Public Health of West Virginia.

2. Based upon representations by the Project Engineer, Mr. Hildreth, the District has or will obtain all necessary permits and approvals for the construction of the Project, except for the WV Department of Highways permit for which the application and bond have been filed.

3. Assuming the accuracy of the drawings and list of names from whom right of ways are required by the Engineer, in our opinion, the District has acquired legal title or such other estate or interest in the rights of way and 100% of the land acquisitions (there are none), sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed.

4. Any deeds or other documents that have been acquired to date by the District have been duly recorded in the Office of the Clerk of County Commission of Jackson County in order to protect the legal title and interest of the District.

5. Based upon information from the Engineer, the District has applied for and has received approval from the West Virginia Department of Highways for a permit authorizing the construction of the Project as described in the plans upon, over and through public rights of way as shown in the plans. However, this permit will not be released until the selected contractor posts the necessary bond.

This opinion is subject to any legal rights of any person or entity that may not be of record in the offices of the Jackson County Clerk or Assessor, to such facts as would be revealed by an accurate survey or visual observation of the premises, and to the correctness of the indices to the records of Jackson County and of the records themselves.

There are prior District bond issues outstanding which are a statutory lien on all District Property. The new 2012 bond issue will be issued on parity with these.

If you have any questions regarding any of the information contained in this Title Opinion, please contact this office.

Very truly yours,

Goodwin & Goodwin, LLP

GOODWIN & GOODWIN, LLP

$1,910,000
NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012
(WEST VIRGINIA INFRASTRUCTURE FUND)

GENERAL CERTIFICATE ON:

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

We, the undersigned CHAIRPERSON and the undersigned SECRETARY of the Public Service Board of Northern Jackson County Public Service District (the "Issuer") and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Northern Jackson County Public Service District Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund), numbered R-1, dated the date hereof, in the principal amount of $1,910,000 (the "Bond"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning set forth in the Bond Resolution duly adopted by the Issuer on June 8, 2012, the Supplemental Resolution duly adopted by the Issuer on July 17, 2012 (collectively, the "Resolution"), and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority") for the benefit of the West Virginia Infrastructure and Jobs Development Council, dated July 24, 2012 (the "Loan Agreement").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance, sale and delivery of the Bond, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security provided for the payment of the Bond; nor affecting the validity of the Bond or any

provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer or the Board thereof to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the issuance, sale or delivery of the Bond, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security provided for the payment of the Bond.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations, licenses, orders and certificates required by law for the creation and existence of the Issuer, the acquisition and construction of the Project, the operation of the System and the issuance of the Series 2012 Bond have been duly and timely obtained and remain in full force and effect. Upon reliance on the Engineer's Certificate of Boyles and Hildreth Consulting Engineers, competitive bids for the acquisition and construction of the Project have been solicited by the Issuer in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect, all applicable approvals, permits, exemptions, consents, authorizations, registrations, licenses, orders and certificates required by law for the acquisition and construction of the Project have been duly and timely obtained and remain in full force and effect, and the successful bidders have provided the Drug-Free Workplace affidavits as evidence of compliance with the provisions of Chapter 21, Article 1D of the Code of West Virginia, 1931, as amended.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: Upon information and belief, there has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement. The Issuer has met all conditions set forth in the Loan Agreement and will provide the financial, institutional, legal and managerial capabilities necessary for the acquisition and construction the Project.

There are outstanding obligations of the Issuer which will rank on parity as to liens, pledge and source of and security for payment with the Bond, being the Taxable Water Revenue Bond, Series 1995, dated December 14, 1995, Water Revenue Bond, Series 1999, dated June 24, 1999, Water Revenue Bond, Series 2005A (West Virginia Infrastructure Fund), dated June 23, 2005, Water Revenue Bond, Series 2005B (Rural Utilities Service), dated June 23, 2005, and Water Revenue Bond, Series 2005C (Rural Utilities Service), dated June 23, 2005 (collectively, the "Prior Bonds"). The Bond shall be issued on 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 met the parity and coverage requirements of the Prior Bonds and the Prior Resolutions and has substantially complied with all other parity requirements, except to the extent that noncompliance with any other such parity requirements is not of a material nature.

The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the parity and coverage tests of the Prior Bonds have been met; and (ii) the written consents of the Registered Owners of the Prior Bonds to the issuance of the Bond on a parity with the Prior Bonds.

5. SIGNATURES AND DELIVERY: The undersigned Chairperson and Secretary are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bond for the Issuer. The seal impressed upon the Bond and this Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Chairperson did officially sign all of the Bond, consisting upon original issuance of a single Note, dated the date hereof, by his or her manual signature; the undersigned Secretary did officially cause the seal of the Issuer to be affixed upon the Bond and to be attested by his or her manual signature; and the Registrar did officially authenticate and deliver the Bond to a representative of the Authority as the original purchaser of the Bond under the Loan Agreement.

6. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the order of the Public Service Commission of West Virginia (the "PSC") entered on January 26, 2012, in Case No. 11-1356-PWD-CN, granting the Issuer a certificate of convenience and public necessity for the Project and approving the financing for the acquisition and construction of the Project. The time for appeal of the PSC order entered on January 26, 2012, has expired prior to the date hereof without any appeal having been filed. Such order is not subject to any further appeal, reopening or rehearing by any person not a party to the original application. Such order remains in full force and effect.

7. RATES: The rates for the System, as approved by the PSC order entered on January 26, 2012, in Case No. 11-1356-PWD-CN, are currently in effect. The time for appeal of such order has expired prior to the date hereof, and such order remains in full force and effect.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Northern Jackson County Public Service District", and it is a public service district organized and existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia in Jackson County of said State. The governing body of the Issuer is its Board, consisting of three members, whose names and dates of termination of their current terms are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Jerri G. Stephens	January 6, 2012	July 1, 2017
John Lockhart	April 2, 2012	April 1, 2018
Seldon Angus	January 2, 2007	January 1, 2013

The duly elected or appointed officers of the Board for 2012 are as follows:

Jerri G. Stephens	-	Chairperson
John Lockhart	-	Secretary
Seldon Angus	-	Treasurer

The duly appointed and acting attorney for the Issuer is Michael I. Spiker, Esquire, of Charleston, West Virginia.

9. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions that would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties that may have to be acquired by condemnation are, in the opinion of all of the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security or payment of the Bond.

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

11. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain Workers' Compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Resolution and the Loan Agreement. All insurance for the System required by the Resolution and the Loan Agreement are in full force and effect.

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

The Issuer will serve the additional customers at the location(s) as set forth in the Certificate of Engineer. The Issuer will not reduce the amount of additional customers served by the Project without the prior written consent of the Board of the Authority. Following completion of the Project, the Issuer will certify to the Authority the number of customers added to the System.

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

14. BOND PROCEEDS: On the date hereof, the Issuer received the sum of

$182,363.95 from the Authority and the Council, being a portion of the principal amount of the Bond. The balance of the principal amount of the Bond will be advanced to the Issuer from time to time as acquisition and construction of the Project progresses.

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

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

17. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied with all the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended, in the procurement of the engineering services of the Consulting Engineer.

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

WITNESS our signatures and the official corporate seal of Northern Jackson County Public Service District as of the 24th day of July, 2012.

[SEAL]

Signature	Official Title
Jari D. Stephens	Chairperson
John C. Lockhart	Secretary
	Attorney

EXHIBIT A

See Specimen Bond (Tab No. 8)

$1,910,000
NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012
(WEST VIRGINIA INFRASTRUCTURE FUND)

ENGINEER'S CERTIFICATE

I, James B. Hildreth, P.E., of Boyles and Hildreth Consulting Engineers, Spencer, West Virginia, a Registered Professional Engineer, West Virginia License No. 7719, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions to the existing public water facilities (the "Project") of Northern Jackson County Public Service District (the "District"), to be constructed primarily in Jackson County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the District. Capitalized words not defined herein shall have the same meanings set forth in the Bond Resolution adopted by the District on June 8, 2012 (the "Resolution"), and the Loan Agreement by and between the District and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated July 24, 2012 (the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i paying the Series 2009 Note; (ii) paying a portion of the costs of acquiring and constructing the Project; and (iii) paying costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Council and any change orders approved by the District, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) in reliance upon the opinion of Goodwin & Goodwin, LLP, counsel to the District, the District has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A, and my firm has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) all contractors to be awarded contracts for the construction of the Project have submitted affidavits indicating such contractor has a drug free workplace plan pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended; (vi) the bid documents relating to the Project reflect the Project as approved by the Council and the bid forms provided to the bidders contain all critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the District has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the

acquisition and construction of the Project and operation of the System; (x) in reliance upon the certificate of Smith, Cochran & Hicks, P.L.L.C. of even date herewith, as of the effective date thereof, the rates and charges for the System as adopted by the District will be sufficient to comply with the provisions of the Loan Agreement; (xi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule B attached hereto and approved by the Council; and (xii) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

4. The Project will serve approximately 54 new customers in the northern Jackson County area.

WITNESS my signature as of the 24th day of July, 2012.

BOYLES AND HILDRETH CONSULTING ENGINEERS

[SEAL]

By: _____

West Virginia License No. 7719

HILDRETH, C.E. REGISTERED No. 7719 STATE OF WEST VIRGINIA PROFESSIONAL ENGINEER

7-24-12

Exhibit A

Schedule B – Final Total Cost of Project Sources of Funds and Costs of Financing

SOURCES	
Governor's Contingency Fund Grant	$ 390,000.00
WDA Loan	1,910,000.00
Total Sources	$ 2,300,000.00

USES	
Acquisition, Construction, and Equipping	$ 1,612,882.75
Land Rights	2,500.00
Legal Services	16,250.00
Registrar Fee	1,000.00
Bond Counsel Fee	25,500.00
Accounting	7,500.00
Administration (Permits & Advertisements)	7,000.00
Engineering	262,638.00
Basic – 82,438	
Special – 20,000	
Resident Project Representative – 160,200	
MWPSD Physical Plant transfer	36,500.00
WDA 2009 Issue retirement	95,570.65
Contingencies	232,658.60
Total Uses	$2,300,000.00

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

Schedule B - July 24, 2012

Northern Jackson County Public Service District

Medina-Lockhart Fork Water Extension Project 2008W-1042

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

A. COST OF PROJECT	TOTAL	Governor's Cont. Grant	IJDC Loan
1 Construction			
a. Contract No. 1- Young Builders & Constr.	$ 1,247,882.75	$ 390,000.00	$ 857,882.75
b. Telemetry system upgrade	150,000.00		150,000.00
c. Extensions for additional customers	215,000.00		215,000.00
2 Technical Services- Boyles & Hildreth			
a. Design	82,438.00	-	82,438.00
b. RPR Services	160,200.00	-	160,200.00
c. Special Services	20,000.00	-	20,000.00
3 Legal & Fiscal	-		
a. Legal-Goodwin & Goodwin	16,250.00	-	16,250.00
b. Accounting- Smith, Cochran, & Hicks	7,500.00	-	7,500.00
4 Administrative (PSD)	7,000.00	-	7,000.00
5 Sites & Other Lands	2,500.00	-	2,500.00
6 Contingency (±10 %)	232,658.60	-	232,658.60
7 Miscellaneous			
a. MWPSD Physical Plant transfer	36,500.00	-	36,500.00
b. WDA 2009 Issue	95,570.65	-	95,570.65
c.			
8 TOTAL of Lines 1 through 8	$ 2,273,500.00	$ 390,000.00	$ 1,883,500.00
B. SOURCES OF FUNDS			
9 Federal Grants			
10 State Grants			
a. Governor Contingency Fund	390,000.00	390,000.00	-
11 TOTAL Lines 9 through 10	390,000.00	-	-
12 Net Proceeds from Bond Issue	$ 1,883,500.00		$ 1,883,500.00
C. COST OF FINANCING			
13 Capitalized Interest	-		-
14 Other Costs			
a. Bond Counsel- Goodwin & Goodwin	25,500.00		25,500.00
b. Registrar Fees	1,000.00		1,000.00
15 Cost of Issuance	26,500.00		26,500.00
16 Size of Bond Issue	$ 1,910,000.00		$ 1,910,000.00

Jessie G. Stephens
GOVERNMENTAL AGENCY
07/11/12
DATE

CONSULTING ENGINEER
7.11.12
DATE

smithcochran**hicks**PLLC
CERTIFIED PUBLIC ACCOUNTANTS

July 24, 2012

$1,910,000
NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012
(WEST VIRGINIA INFRASTRUCTURE FUND)

CERTIFIED PUBLIC ACCOUNTANT'S CERTIFICATE

Northern Jackson County Public Service District
Sandyville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have reviewed the water rates of Northern Jackson Co. Public Service District (the "Issuer"), as approved by an Order of the Public Service Commission of West Virginia, which became final on March 25, 2007, in Case No. 06-1421-PWD-19A, and effective for all bills rendered on and after March 25, 2007, the projected operating expenses and the anticipated customer usage provided by Boyles and Hildreth, the consulting engineer of the Issuer. It is our opinion that such rates are sufficient (i) to provide for all operating expenses of the water facilities of the Issuer (the "System") and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Issuer's (1) Taxable Water Revenue Bond, Series 1995, dated December 14, 1995, issued in the original principal amount of $125,000, (2) Water Revenue Bond, Series 1999, dated June 24, 1999, issued in the original principal amount of $710,000, (3) Water Revenue Bond, Series 2005A (West Virginia Infrastructure Fund), dated June 23, 2005, issued in the original principal amount of $2,035,472, (4) Water Revenue Bond, Series 2005B (Rural Utilities Service), dated June 23, 2005, issued in the original principal amount of $950,000, and (5) Water Revenue Bond, Series 2005C (Rural Utilities Service), dated June 23, 2005, issued in the original principal amount of $113,000 (collectively, the "Prior Bonds"), and its Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund) (the "Series 2012 Bond").

It is further our opinion that the Net Revenues for the fiscal year following the year in which the Series 2012 Bond is to be issued will be at least 115% of the average annual debt service requirements on the Prior Bonds and the Series 2012 Bond.

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It is further our opinion that the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of the Series 2012 Bond, plus the estimated average annual Net Revenues to be received in each of the 3 succeeding years after the issuance of the Series 2012 Bond, will not be less than 120% of the maximum annual amount which will mature and become due in any succeeding year for principal of and interest on the Prior Bonds and the Series 2012 Bond.

Very truly yours,

Smith Cochran & Hicks

SMITH, COCHRAN & HICKS, P.L.L.C.

$1,910,000
NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012
(WEST VIRGINIA INFRASTRUCTURE FUND)

CERTIFICATE OF SECRETARY AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

I, John Lockhart, the duly elected Secretary of the Northern Jackson County Public Service District (the "District"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of the Northern Jackson County Public Service District $1,910,000 Water Revenue Bond (West Virginia Infrastructure Fund), Series 2012 (West Virginia Infrastructure Fund), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the District and delivered in the transcript of proceedings, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Bond Resolution adopted on June 8, 2012.

2. Supplemental Resolution adopted on July 17, 2012.

3. Loan Agreement dated July 24, 2012.

4. Public Service Commission Order entered on January 26, 2012.

5. Infrastructure and Jobs Development Council Approval.

6. County Commission Orders Creating Northern Jackson County Public Service District.

7. County Commission Orders Appointing Board Members.

8. Oaths of Office of Board Members.

9. Rules of Procedure.

10. Minutes of Current Year Organizational Meeting.

11. Minutes on Adoption of Resolution and Supplemental Resolution.

12. Affidavit of Publication.

13. 1995 Bond Resolution.

14. 1999 Bond Resolution.

15. 2005 Bond Resolution.

16. Rural Development Consent to Issuance of Bond.

17. Water Development Authority Consent to Issuance of Parity Bond.

18. Closing Memorandum.

19. Water Purchase Contract with City of Ravenswood.

20. Evidence of Insurance.

WITNESS my signature and the official seal of the Northern Jackson County Public Service District as of the 24th day of July, 2012.

(SEAL)

John C. Lockhart
Secretary

$1,910,000
NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012
(WEST VIRGINIA INFRASTRUCTURE FUND)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of the Northern Jackson County Public Service District in Jackson County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of the $1,910,000 Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund), of the Issuer, dated July 24, 2012 (the "Bond"), hereby certifies as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bond. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Resolution duly adopted by the Issuer on June 8, 2012, and supplemented by a Supplemental Resolution adopted by the Issuer on July 17, 2012 (collectively, the "Bond Resolution"), authorizing the Bond.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on July 24, 2012, the date on which the Bond is being physically delivered in exchange for $182,363.95, being a portion of the principal amount of the Bond, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. The Bond was sold on July 24, 2012, to the Water Development Authority (the "Authority"), for the benefit of the West Virginia Infrastructure and Jobs Development Council (the "Council"), pursuant to a Loan Agreement dated July 24, 2012, by and between the Issuer and the Authority, for the aggregate purchase price of $1,910,000 (100% of par), at which time, the Issuer received $182,363.95 from the Council, being a portion of the principal amount of the Bond. The Bond will bear interest at the rate zero percent (0%) per annum over a forty (40) year term.

5. The Bond is being delivered simultaneously with the delivery of this certificate and is issued for the purposes of (i) paying the Series 2009 Note; (ii) paying a portion of the costs of acquiring and constructing certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"); and (iii) paying certain costs of issuance of the Bond and related costs.

6. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bond for the acquisition and construction of the Project, constituting a substantial binding

commitment, or has already done so. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bond to expenditures for costs of the Project shall commence immediately and shall proceed with due diligence to completion, and all of the proceeds from the sale of the Bond, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before September 30, 2013. The acquisition and construction of the Project is expected to be completed by September 30, 2013.

7. The total cost of the Project is estimated at $1,910,000. Sources and uses of funds for the Project are as follows:

SOURCES	
Council Loan	$1,910,000.00
Governor's Contingency Fund Grant	390,000.00
Total Sources	$2,300,000.00
USES	
Payment of 2009 Note	$ 95,570.65
Project Costs	2,177,929.35
Costs of Issuance	26,500.00
Total Uses	$2,300,000.00

8. Pursuant to Article V of the Bond Resolution, the following special funds have been created or continued:

(1) Series 2012 Bond Construction Trust Fund;
(2) Revenue Fund;
(3) Depreciation Fund;
(4) Series 2012 Bond Sinking Fund; and
(5) Series 2012 Bond Reserve Account.

9. Pursuant to Article V of the Bond Resolution, at closing on the issuance of the Bond, the amount necessary to repay the principal of and interest on the Series 2009 Note will be deposited with the Commission, $0.00 will be deposited into the Series 2012 Bond Reserve Account, $0.00 will be deposited into the Series 2012 Bond Sinking Fund as capitalized interest, and the balance of the proceeds of the Bond will be deposited into the Series 2012 Bond Construction Trust Fund and applied solely to payment of costs of the Project, including costs of issuance of the Bond and related costs, and for no other purpose.

10. Moneys held in the Series 2012 Bond Sinking Fund will be used solely to pay principal of and interest, if any, on the Bond and will not be available to meet costs of acquisition and construction of the Project.

11. The acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 12 months of the date hereof.

12. The Issuer will take such steps as requested by the Authority to ensure that the Issuer's Bond meets the requirements of the Code.

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

14. The amount designated as costs of issuance of the Bond consists only of costs that are directly related to and necessary for the issuance of the Bond.

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

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

17. The original proceeds of the Bond will not exceed the amount necessary for the purposes of the issue. The Issuer covenants that it shall maintain thorough and accurate accounting records, in conformance with generally accepted accounting principles, relative to the proceeds of the Bond so that use of proceeds from the Bond can be accounted for.

18. The Issuer shall use the Bond proceeds for payment of the Series 2009 Note and for payment of the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

19. The Bond is not federally guaranteed.

20. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bond if such amendment is necessary to assure that the Bond remains a governmental or public purpose bond.

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

22. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances that would materially change the expectations herein expressed.

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

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

WITNESS my signature as of this 24th day of July, 2012.

NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

By: _____
Chairperson

$1,910,000
NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012
(WEST VIRGINIA INFRASTRUCTURE FUND)

CERTIFICATE OF REGISTRAR

The undersigned, Janet L. Shelburne, on behalf of WesBanco Bank, Inc., Wheeling, West Virginia (the "Registrar"), acting as Registrar under the Registrar's Agreement, dated as of July 24, 2012, by and between Northern Jackson County Public Service District (the "Issuer") and WesBanco Bank, Inc. (the "Registrar"), hereby certifies as follows:

1. The Registrar has full authority and is fully authorized to act as Registrar under the Registrar Agreement, and the Registrar Agreement has been duly authorized, executed and delivered by the Registrar. Assuming due authorization, execution and delivery by the Issuer, the Registrar Agreement constitutes the legal, valid and binding agreement of the Registrar, enforceable against the Registrar in accordance with its terms, except as the same may be limited by applicable bankruptcy, reorganization, insolvency, moratorium and other laws of general applicability relating to or affecting creditor's rights generally and the application of general principles of equity and the exercise of judicial discretion, regardless of whether such enforceability is considered in a proceeding in equity or at law.

2. The undersigned hereby accepts the duties and obligations of Registrar, as imposed on Registrar by the Registrar Agreement.

3. Any person indicated below was at the time of the execution of the Registrar Agreement and is now duly elected, qualified and acting incumbent of his or her respective office, and, pursuant to the authorization from the Board of Directors of the Registrar, as evidenced by its corporate resolution, each of such persons, in his or her official capacity, is authorized to execute and deliver the Registrar Agreement and such other documents as are contemplated thereby.

4. Appearing opposite the respective name(s) and title(s) of the person(s) indicated below are true and correct specimens of their signatures:

Name	Title	Signature
Stacey L. Dofka	Assistant Trust Officer	Stacey L. Dofka

5. The above authorized person this day authenticated and delivered Bond No. R-1 to the West Virginia Water Development Authority as the original purchaser thereof.

IN WITNESS WHEREOF, the undersigned has caused this Certificate to be executed by its duly authorized officer as of the 24th day of July, 2012.

WESBANCO BANK, INC., as Registrar

By: Janet L. Shelburne
Janet L. Shelburne
Vice President

STATE OF WEST VIRGINIA,

COUNTY OF JACKSON, to-wit:

I, JOHN LOCKHART, do hereby certify that I am the duly qualified and acting Secretary of the Public Service Board of the Northern Jackson County Public Service District.

I further certify that attached hereto are Orders of the County Commission of Jackson County, West Virginia, creating the Silverton Public Service District, subsequently expanding its boundaries, and subsequently approving a change in its name from the Silverton Public Service District to the Northern Jackson County Public Service District, all of which Orders remain in full force and effect with no changes, insertions, amendments or modifications having been made thereto since their respective dates of adoption.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and affixed the seal of said Public Service District as of the 24th day of July, 2012.

John C Lockhart
Secretary

(SEAL)

Ripley, West Virginia

May 24, 1971

The County Court of Jackson County, West Virginia, met this day in regular session held this 24 day of May, 1971, at 10:00 a.m., pursuant to the call of Carl Warner, President, Conrad McCoy, Commissioner and H. S. Rawlings, Commissioner, said call being:

"To consider a petition of residents and property owners of Silverton, Ravenswood Magisterial District, Jackson County, West Virginia, asking for the creation of a public service district in the area therein described, and to adopt a proposed resolution and enter a proper order fixing a date of hearing on the creation of a public service district in Silverton, Ravenswood Magisterial District, Jackson County, West Virginia, as set forth in said petition and to provide for the publication of a notice of such hearing."

The meeting was called to order and the roll being called, there were present, Carl Warner, President, presiding, and the following named Commissioners:

1. Conrad McCoy
2. H. S. Rawlings

And were absent:

None.

H. S. Rawlings introduced and caused to be read a proposed resolution and order entitled:

"A resolution and order fixing a date of hearing on the creation of a public service district within Jackson County, West Virginia, and providing for the publication of a notice of such hearing."

and moved that all rules otherwise require the deferred consideration be suspended and said proposed resolution and order be adopted.

Conrad McCoy seconded the motion and after due consideration the President put the question on the motion, and the roll being called the following voted:

Aye:

Earl Warner

Conrad McCoy

H. S. Rawlings

Nay:

None

Whereupon the president declared the motion duly carried and said resolution and order duly adopted on motion and vote. The meeting was thereupon adjourned.

President

Clerk

A Resolution and Order fixing a date of hearing on the creation of a proposed public service district within Jackson County, West Virginia and providing for the publication of a notice of such hearing.

WHEREAS, there has heretofore been filed in the office of the Clerk of the County Court of Jackson County, West Virginia, a petition to this County Court, for the creation of a public service district within Jackson County, West Virginia; and

WHEREAS, said County Court Clerk has presented such petition to this County Court at this meeting;

NOW, THEREFORE, Be It and It is Hereby Resolved and Ordered by the County Court of Jackson County, West Virginia, as follows:

Section 1. That the County Court of Jackson County, West Virginia, hereby finds and declares that there has been filed in the office of the County Court Clerk and presented by said County Court Clerk to this County Court a petition for the creation of a public service district within Jackson County, West Virginia, which petition contains a description sufficient to identify the property to be embraced within the proposed public service district and the name of the proposed public service district and which petition has been signed by 146 legal voter residents within and owning real property within the limits of the proposed public service district and said County Court further finds and declares that said petition in all respects meets the requirements of Article 13A of Chapter 16 of the West Virginia Code.

Section 2. That said petition, among other things, states as follows:

(a) The name and corporate title of said public service district shall be the "Silverton Public Service District".

(b) The territory to be embraced in said public service district shall be as follows:

BEGINNING at a point in the corporate limits of the Town of Ravenswood, said point having a latitude of N. 38° 57' 10" and longitude W. 81° 45' 00"; thence S. 53° 55' E. 17,700 feet to a point having a latitude of N. 38° 55' 36" and longitude W. 81° 41' 58"; thence south 5,000 feet more or less to center of Sandy Creek to a point having a latitude of N. 38° 54' 36" and longitude W. 81° 41' 58"; thence with centerline of Sandy Creek down stream and in a northwesterly direction 13,000 feet to a point in the westerly right of way of Interstate Route 77, having a latitude of N. 38° 55' 28"; thence with said right of way in a southwesterly direction 1,600 feet to a point of intersection of Interstate 77 and Route 33/3, said point having a latitude of N. 38° 55' 16" and longitude W. 81° 43' 02"; thence N. 50° 37' W. 3,200 more or less to center of Sandy Creek at which point Appalachian Electric Power line crosses said Creek, said point having a latitude of N. 38° 55' 56" and longitude W. 81° 45' 34"; thence down stream with Sandy Creek 19,800 feet more or less to corporate limits of the Town of Ravenswood, thence with said corporate limits 4,000 feet in a northerly direction to beginning, containing an area of 3.56 square miles, all within Ravenswood Magisterial District of Jackson County, State of West Virginia, as shown upon a map prepared by J. H. Milam, Inc., 1224 Myers Avenue, Dunbar, West Virginia, dated June 8, 1970.

(c) The purpose of said public service district shall be to construct, or acquire by purchase or otherwise, and maintain, operate, improve and extend properties supplying water and sewerage services within such territory and also outside such territory to the extent permitted by law.

(d) The territory described above does not include within its limits the territory of any other public service district organized under Article 13A of Chapter 16 of the West Virginia Code, nor does such territory include within its limits any city, incorporated town or other municipal corporation.

Section 3. That said petition contains more than 300 legal voter residents within and comprising and contiguous within the limits

of the proposed public service district.

Section 4. That on April 7, 1971, at the hour of 10:30 A. M., this County Court shall meet in the County Court House at Ripley, West Virginia, for the purpose of conducting a public hearing on the creation of the proposed public service district at which time and place all persons residing in or owning or having any interest in property in the proposed public service district may appear before this County Court and shall have an opportunity to be heard for and against the creation of said district, and at such hearing, this County Court shall consider and determine the feasibility of the creation of the proposed public service district.

Section 5. That the County Court Clerk is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out to be published on March 25, 1971, in the Ravenswood News, a newspaper of general circulation published in Ravenswood, Jackson County, West Virginia, and said notice shall also be posted in at least five conspicuous places in the proposed public service district. The posted notice shall be posted not less than ten (10) days before said hearing.

NOTICE IS HEREBY GIVEN that a legally sufficient petition has been filed with the Clerk of the County Court of Jackson County, West Virginia, and has been presented to the County Court of Jackson County for the creation of a public service district within Jackson County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying water and sewerage services within said district and also outside said district to the extent permitted by law; to be named "Silverton Public Service District"; and having the following described boundaries:

BEGINNING at a point in the corporate limits of the Town of Ravenswood, said point having a latitude of N. 38° 57' 10" and longitude W. 81° 45' 00"; thence S. 53° 53' E. 17,700 feet to a point having a latitude of N. 38° 55' 36", and longitude W. 81° 41' 58"; thence south 5,000 feet more or less to center of Sandy Creek to a point having a latitude of N. 38° 54' 36" and longitude W. 81° 41' 58"; thence with centerline of Sandy Creek down stream and in a northwesterly direction 15,000 feet to a point in the westerly right of way of Interstate Route 77, having a latitude N. 38° 55' 28", thence with said right of way in a southwesterly direction 1,600 feet to a point of intersection of Interstate 77 and Route 33/5, said point having a latitude of N. 38° 55' 16" and longitude W. 81° 43' 02"; thence N. 50° 57' W. 3,200 more or less to center of Sandy Creek at which point Appalachian Electric Power line crosses said Creek, said point having a latitude of N. 38° 55' 36" and longitude W. 81° 43' 54"; thence down stream with Sandy Creek, 10,800 feet more or less to corporate limits of the Town of Ravenswood; thence with said corporate limits 4,000 feet in a northerly direction to beginning, containing an area of 3.56 square miles, all within Ravenswood Magisterial District of Jackson County, State of West Virginia, as shown upon a map prepared by J. H. Dillon, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated June 8, 1970.

That the County Court of Jackson County, by resolution adopted March 20, 1971, proposes the creation of the Silverton Public Service District of the County of Jackson, West Virginia.

All persons residing in or owning or having any interest in property in said proposed public service district are hereby notified

that the County Court of Jackson County will conduct a public hearing on April 7, 1971, at 10:30 a.m., in the County Court House at Ripley, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district.

By order of the County Court this 20th day of March, 1971.

County Court Clerk

ADOPTED BY THE COUNTY COURT March 20, 1971.

President

ATTEST:

Clerk

STATE OF WEST VIRGINIA,

COUNTY OF JACKSON, to-wit:

I, C . E. Kessel, hereby certify that I am the duly qualified and acting Clerk of the County Court of Jackson County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Court as had under date of March 20, 1971, and a resolution and order then adopted relating to the proposed creation of the Silverton Public Service District, all as shown by the official records in my office.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of said Court at Jackson County, West Virginia, this March 20, 1971.

C. E. Kessel

County Court Clerk

Ripley, West Virginia
April 7, 1971

The County Court of Jackson County, West Virginia, met in special session pursuant to law and to the rules of said Court at the County Court House, Ripley, West Virginia, at 10:30 o'clock, A.M. The meeting was called to order and the roll being called there were present: Carl Warner, President, presiding, and the following names Commissioners:

H. S. Rawlings

Absent: Conrad McCoy

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Silverton Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on March 20, 1971, the president announced that all persons residing in or owning or having any interest in property in said proposed public service district desiring to be heard for or against the creation of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

The County Court then further discussed the creation of said public service district, whereupon H. S. Rawlings introduced and caused to be read a proposed resolution and order, entitled

"A RESOLUTION AND ORDER creating Silverton Public Service District in Jackson County, West Virginia."

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and

order be adopted. Carl Warner seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted:

Aye: Carl Warner
H. S. Rawlings

Nay: None

Whereupon the President declared the motion duly carried and said resolution and order duly adopted.

On motion and vote the meeting adjourned.

Carl Warner
President

Attest:

C. E. Kessel
Clerk

I, JEFF WAYBRIGHT, DO HEREBY CERTIFY THAT THE DOCUMENT TO WHICH THIS STAMP IS AFFIXED IS A TRUE COPY OF Resolution + Order RECORDED IN THIS OFFICE IN Minute BOOK A PAGE 377 DATE 12-14-95
CLERK/DEPUTY
JEFF WAYBRIGHT, JACKSON COUNTY CLERK

STATE OF WEST VIRGINIA,

COUNTY OF JACKSON, to-wit:

I, C. E. Kesal, hereby certify that I am the duly qualified and acting Clerk of the County Court of Jackson County, West Virginia, and that the foregoing constitues a true, correct and complete transcript of the proceedings of said County Court as had under date of April 7, 1971, and resolutions and orders then adopted relating to the creation of Silverton Public Service District, and appointment of members to the public service board of said district.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and seal of said Court at Ripley, West Virginia, this 7th day of April, 1971.

C. E. Kesal
County Court Clerk

A RESOLUTION AND ORDER appointing members to the public service board of the Silverton Public Service District.

WHEREAS, the County Court of Jackson County, West Virginia, did heretofore by resolution and order adopted April 7, 1971, create the Silverton Public Service District; and

WHEREAS, under the provisions of Article 13A of Chapter 16 of the West Virginia Code, as amended, the powers of said public service district shall be vested in and exercised by a public service board; and

WHEREAS, since there is no city, incorporated town or other municipal corporation included within said district, it is provided by said Article 13 of Chapter 16 of the West Virginia Code, as amended, that this County Court shall appoint three members of said board, who shall be persons residing within the district;

NOW, THEREFORE, Be It and It Is Hereby Resolved and Ordered by the County Court of Jackson County, West Virginia, as follows:

Section 1. That the County Court of Jackson County, West Virginia, hereby finds and determines that George C. Weirick, Noble Adkins, and Everett L. Crow are persons residing within the Silverton Public Service District, and the aforesaid persons are hereby appointed as members of the public service board of said district and their respective terms of office shall be as follows:

George C. Weirick for a term of six years from the first day of the month in which this resolution and order is adopted;

Noble Adkins for a term of four years from

the first day of the month in which this resolution and order is adopted; and

Everett L. Crow for a term of two years from the first day of the month in which this resolution and order is adopted.

Section 2. The aforesaid persons shall meet as soon as practicable, at the office of the Clerk of said County Court, and shall qualify by taking an oath of office, and thereafter said appointees constituting the initial public service board of the Silverton Public Service District shall meet and organize in compliance with the provisions of Article 13A of Chapter 16 of the West Virginia Code, as amended.

ADOPTED BY THE COUNTY COURT April 7, 1971.

President

Attest:

Clerk

I, JEFF WAYBRIGHT, DO HEREBY CERTIFY THAT THE DOCUMENT TO WHICH THIS STAMP IS AFFIXED IS A TRUE COPY OF Resolution and Order RECORDED IN THIS OFFICE IN Minute BOOK 7 PAGE 379 DATE 12-14-95

CLERK/DEPUTY

JEFF WAYBRIGHT, JACKSON COUNTY CLERK

Ripley, West Virginia

WHEREAS, the County Court of Jackson County, West Virginia, did heretofore by a resolution and order adopted March 20, 1971, fix a date for a public hearing on the creation of the proposed Silverton Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and

WHEREAS, NOTICE of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13A of Chapter 16 of the West Virginia Code, as amended, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Court has given due consideration to all matters for which such hearing was offered, and

WHEREAS, it is now deemed desirable by said County Court to adopt a resolution and order creating said district.

NOW, THEREFORE, Be It and It Is Hereby Resolved and Ordered by the County Court of Jackson County, West Virginia, as follows:

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

BEGINNING at a point in the corporate limits of the Town of Ravenswood, said point having a latitude of N. 38° 57' 10" and longitude W. 81° 45' 00"; thence S. 53° 33' E. 17,700 feet to a point having a latitude of N. 38° 55' 36" and longitude W. 81° 41' 58"; thence south 5,000 feet more or less to center of Sandy Creek to a point having a latitude of N. 38° 54' 36" and longitude W. 81° 41' 58"; thence with centerline of Sandy Creek down stream and in a northwesterly direction 13,000 feet to a point in the westerly right of way of Interstate Route 77, having a latitude N. 38° 55' 28"; thence with said right of way in a southwesterly direction 1,600 feet to a point of intersection of Interstate 77 and Route 33/3, said point having a latitude of N. 38° 55' 16" and longitude W. 81° 43' 02"; thence N. 50° 37' W. 3,200 feet more or less to center of Sandy Creek at which point Appalachian Electric Power line crosses said Creek, said point having a latitude of N. 38° 55' 36" and longitude W. 81° 43' 34"; thence down stream with Sandy Creek, 10,800 feet more or less to corporate limits of the Town of Ravenswood; thence with said corporate limits 4,000 feet in a northerly direction to beginning, containing an area of 3.56 square miles, all within Ravenswood Magisterial District of Jackson County, State of West Virginia.

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

Section 3. That the County Court of Jackson County, West Virginia, has determined that the territory within Jackson County, West Virginia, having the hereinabove described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvements and extension of properties supplying both water and sewerage services within such territory by said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

ADOPTED BY THE COUNTY COURT April 17, 1971.

President

ATTEST:

Clerk

I, JEFF WAYBRIGHT, DO HEREBY CERTIFY THAT THE DOCUMENT TO WHICH THIS STAMP IS AFFIXED IS A TRUE COPY OF Resolution RECORDED IN THIS OFFICE IN Minute BOOK A PAGE 374 DATE 12-14-85

CLERK/DEPUTY

JEFF WAYBRIGHT, JACKSON COUNTY CLERK

A RESOLUTION AND ORDER ENLARGING THE SILVERTON PUBLIC SERVICE DISTRICT IN JACKSON COUNTY, WEST VIRGINIA

WHEREAS, the County Commission of Jackson County, West Virginia, did heretofore by a resolution and order adopted February 22, 1975, fix a date for a public hearing on the enlargement of the Silverton Public Service District and in and by said resolution and order provided that all persons residing in or owning or having any interest in property in the Silverton Public Service District or in the area proposed to be added to the Silverton Public Service District might appear before the County Commission at this meeting and have an opportunity to be heard for and against the enlargement of said district, and

WHEREAS, notice of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13A of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the enlargement of said district, and

WHEREAS, no persons appeared before the County Commission to object to the enlargement of the Silverton Public Service District, and

WHEREAS, it is deemed desirable by said County Commission to adopt a resolution and order enlarging said District.

NOW, THEREFORE, be it, and it is hereby resolved and ordered by the County Commission of Jackson County, West Virginia, as follows:

Section 1: That the Silverton Public Service District be enlarged and that the area to be added onto the present District shall have the following described boundaries:

BEGINNING at the northeastern corner of the existing Silverton Public Service District, said point having a latitude of N. 38° 55' 36" and longitude of W. 81° 41' 58"; thence from said point N. 63° 45' E. 21,800 feet to a point having a latitude N. 38° 57' 00" and longitude W. 81° 38' 06"; thence East 6,000'

W. OFFICES
S AND SKEEN
WEST VIRGINIA

to a point having the latitude of N. 38° 57' 00" and longitude W. 81° 36' 58"; thence S. 57° 49' West 25,100 feet to a point having a latitude N. 38° 53' 11" and longitude W. 81° 39' 47"; thence West 4,200 feet to a point having the latitude N. 38° 53' 11" and longitude W. 81° 40' 40"; thence with centerline of Sandy Creek downstream 15, 200 feet to a point having a latitude of N. 38° 54' 36" and longitude W. 81° 41' 58"; thence North 5,000 feet to the beginning, containing an area of 9.85 square miles, all within Ravenswood Magisterial District of Jackson County, West Virginia.

Section 2: That said enlarged public service district shall continue under the name and corporate title of "Silverton Public Service District: and shall constitute a public corporation and political subdivision of the State of West Virginia having all of the rights and powers conferred on public service districts by the laws of the State of West Virginia, particularly Article 13A of Chapter 16 of the West Virginia Code.

Section 3: That the County Commission of Jackson County, West Virginia, has determined that the territory within Jackson County, West Virginia, having the hereinabove described boundaries is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying both water and sewage service within such territory by said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

ADOPTED BY THE COUNTY COMMISSION APRIL 5, 1975.

Attest:

Clerk

I, JEFF WAYBRIGHT, DO HEREBY CERTIFY THAT THE DOCUMENT TO WHICH THIS STAMP IS AFFIXED IS A TRUE COPY OF Resolution RECORDED IN THIS OFFICE IN Minutes BOOK C PAGE 541 DATE 12-14-93

CLERK/DEPUTY

JEFF WAYBRIGHT, JACKSON COUNTY CLERK

LAW OFFICES
ADAMS AND SKEEN
LEY, WEST VIRGINIA

IN THE COUNTY COMMISSION OF JACKSON COUNTY, WEST VIRGINIA

RESOLUTION and ORDER

On this the 18th day of October, 1994, came the respective representatives of the Southern Jackson County Public Service District and the Silverton Public Service District pursuant to those certain legal notices and the previous order of this Commission setting a date for hearing on the expansion of the Southern Jackson County Public Service District and for the expansion and the name change of the Silverton Public Service District.

It appearing to your Commission that notice of the public hearing for the foregoing purposes was posted and published in accordance with West Virginia Code 16-13A-2, as amended, the affidavit of the publisher of the Jackson Herald, a newspaper of general circulation in Jackson County, West Virginia, as a Class I legal advertisement being attached hereto and the affidavits of Steve Farley, Manager of the Southern Jackson County Public Service District, and Betty Finley, Manager of the Silverton Public Service District also being attached hereto, said affidavits indicating that notice of the proposed changes was posted in at least five conspicuous places not less than ten (10) days prior to this hearing.

A hearing was set for October 18, 1994, at 3:00 p. m. in the County Commission meeting room by previous order and resolution of this Commission. There being no one appearing in opposition to the proposed expansion and enlargement of each of these public service districts and the change of the name of the Silverton

Public Service District to the name of the Northern Jackson County Public Service District, and upon a motion to approve the same, duly seconded, and unanimously carried, the said proposals as contained in said public notices is hereby approved.

It is further ordered that certified copies of this order be forthwith sent to the Public Service Commission of West Virginia, as provided by law, for action thereon, all in pursuance of West Virginia Code 16-13A-2.

Unanimously resolved, ordered and entered on this the 18th day of October, 1994, at a regular meeting of said commission.

DICK D. CASTO, Commissioner

EMERSON S. SNYDER, Commissioner

DONALD G. STEPHENS, President

ATTEST:

JEFF WAYBRIGHT, CLERK
JACKSON COUNTY COMMISSION

misc:psd-3

I, JEFF WAYBRIGHT, DO HEREBY CERTIFY THAT THE DOCUMENT TO WHICH THIS STAMP IS AFFIXED IS A TRUE COPY OF Resolution + Order RECORDED IN THIS OFFICE IN Minute BOOK Q PAGE 256 DATE 12/14/95

CLERK/DEPUTY
JEFF WAYBRIGHT, JACKSON COUNTY CLERK

Commissioner Stephens reported on the Fairgrounds Advisory Committee meeting held on Thursday, July 21, 2005. A motion was made by Commissioner Stephens to accept the recommendation of the Advisory Board and allow the Church of Jesus Christ Full Gospel to hold a tent revival at the fairgrounds with the fee being 15% of the offering collection received. The motion was seconded by Commissioner Waybright and upon the call for a vote, passed unanimously.

A motion was made by Commissioner Stephens to accept the resignation of Dale Mason as a member of the Southern Jackson County Public Service District retroactive to July 1, 2005. The motion was seconded by Commissioner Waybright and upon the call for a vote, passed unanimously.

A motion was made by Commissioner Stephens to appoint Leslie Miller-Stover to serve the unexpired term of Dale Mason as a member of the Southern Jackson County Public Service District. The motion was seconded by Commissioner Waybright and upon the call for a vote, passed unanimously.

The Commission discussed a request from the Silverton Public Service District for approval from this Commission to change its name to the Northern Jackson County Public Service District. A motion was made by Commissioner Stephens to approve this name change request. The motion was seconded by Commissioner Waybright and upon the call for a vote, passed unanimously. The Public Service District will petition the Public Service Commission, request approval from all bond holders and handle any other legal requirements necessary to accomplish this name change.

A motion was made by Commissioner Waybright for this Commission to support the WV Department of Transportation including U.S. Route 33 as a Civil War Trail to promote tourism in West Virginia. The motion was seconded by Commissioner Stephens and upon the call for a vote, passed unanimously.

A motion was made by Commissioner Waybright to enter into executive session for the purpose of discussing personnel matters. The motion was seconded by Commissioner Stephens and upon the call for a vote, passed unanimously.

A motion was made by Commissioner Stephens come out of executive session. The motion was seconded by Commissioner Waybright and upon the call for a vote, passed unanimously. Following the executive session, a motion was made by Commissioner Stephens to accept the recommendation of Doctor and EMS Medical Director Steve Eshenaur and Emergency Operations Chief Lori Pierson and terminate James Hanshaw effective at the end of his shift on July 28, 2005. The motion was seconded by Commissioner Waybright and upon the call for a vote, passed unanimously.

Commissioners reported on various meetings attended with no action being taken or required.

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 4th day of January, 2006.

CASE NO. 05-1732-PSWD-NC

JACKSON COUNTY COMMISSION and
SILVERTON PUBLIC SERVICE DISTRICT
Petition for Silverton Public Service District to change its name to Northern Jackson County Public Service District.

COMMISSION ORDER

The Applicant requests Commission consent and approval to change its name to Northern Jackson County Public Service District. The Applicant has not yet filed an amended certificate of authority from the West Virginia Secretary of State amending the Applicant's certificate of authority to change the Applicant's name to Northern Jackson County Public Service District.

Staff recommends approval of the name change contingent upon submission of an amended certificate of authority from the West Virginia Secretary of State.

ORDER

IT IS THEREFORE ORDERED that Jackson County Commission and Silverton Public Service District's request for consent and approval to change its name to Northern Jackson County Public Service District is hereby granted contingent upon the filing of an amended certificate of authority from the West Virginia Secretary of State.

IT IS FURTHER ORDERED that within thirty (30) days of the date of submission of the above ordered amended certificate of authority from the West Virginia Secretary of State, Jackson County Commission and Silverton Public Service District shall file its revised tariff with the Commission's tariff office.

AMENDMENT FOR PUBLIC CORPORATION

FIRST: The present name of the public corporation is: **SILVERTON PUBLIC SERVICE DISTRICT**

SECOND: The date of the adoption of the amendment(s): **JANUARY 4, 2006**

THIRD: In the manner prescribed by the Law, the board of directors has adopted the following amendment(s):

The name of the district shall be change to: **NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT.**

NOTE: A copy of the West Virginia Public Service Commission Order is attached.

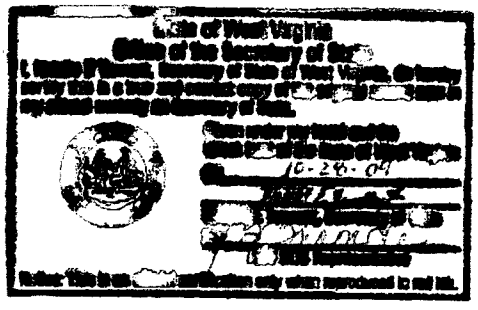
FOURTH: Articles of amendment prepared by:

(name) Michael I. Spiker, Goodwin & Goodwin, LLP

(address) 300 Summers Street, Suite 1500 (25301)
Post Office Box 2107
Charleston, West Virginia 25328-2107

(phone #) (304) 346-7000

FIFTH: Signature of the chairman of the board:



Frank A. Murray

Frank Murray, Chairman

051732com010406.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 4th day of January, 2006.

CASE NO. 05-1732-PSWD-NC

JACKSON COUNTY COMMISSION and
SILVERTON PUBLIC SERVICE DISTRICT
Petition for Silverton Public Service District to change its name to Northern Jackson County Public Service District.

COMMISSION ORDER

The Applicant requests Commission consent and approval to change its name to Northern Jackson County Public Service District. The Applicant has not yet filed an amended certificate of authority from the West Virginia Secretary of State amending the Applicant's certificate of authority to change the Applicant's name to Northern Jackson County Public Service District.

Staff recommends approval of the name change contingent upon submission of an amended certificate of authority from the West Virginia Secretary of State.

ORDER

IT IS THEREFORE ORDERED that Jackson County Commission and Silverton Public Service District's request for consent and approval to change its name to Northern Jackson County Public Service District, is hereby granted contingent upon the filing of an amended certificate of authority from the West Virginia Secretary of State.

AMENDMENT FOR PUBLIC CORPORATION

FIRST: The present name of the public corporation is: **SILVERTON PUBLIC SERVICE DISTRICT**

SECOND: The date of the adoption of the amendment(s): **JANUARY 4, 2006**

THIRD: In the manner prescribed by the Law, the board of directors has adopted the following amendment(s):

The name of the district shall be change to: **NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT.**

NOTE: A copy of the West Virginia Public Service Commission Order is attached.

FOURTH: Articles of amendment prepared by:

(name) Michael L Spiker, Goodwin & Goodwin, LLP

(address) 300 Summers Street, Suite 1500 (25301)
Post Office Box 2107
Charleston, West Virginia 25328-2107

(phone #) (304) 346-7000

FIFTH: Signature of the chairman of the board:

Frank A Murray

Frank Murray, Chairman

LAW OFFICES
GOODWIN & GOODWIN, LLP
300 SUMMERS STREET, SUITE 1500
CHARLESTON, WEST VIRGINIA 25301-1678
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201 THIRD STREET
PARKERSBURG, WEST VIRGINIA 26101
(304) 485-2345

P.O. BOX 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
(304) 372-2651

Reply to Charleston Address
mis@goodwingoodwin.com

January 6, 2006

Via First Class Mail

Ms. Margie Flinn
Silverton Public Service District
Route 1 Box 182AA
Ravenswood, WV 26164

Re: Silverton Public Service District
Request for Name Change
Case No: 05-1732-PSWD-NC

Dear Margie:

I have enclosed a copy of the Public Service Commission Order approving the name change. I have also enclosed a Certificate to Change Name which must be signed and returned to me so I can file with the Secretary of State.

If you have any questions, please do not hesitate to contact me.

Sincerely yours,

Michael I. Spiker

MIS/rmf
Enclosures

RECEIVED
UTILITIES DIVISION
SPECIAL STUDIES SECTION

2006 FEB -3 AM 8:50

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA

P.S.C. W. Va. No. 1
Canceling P.S.C. W. Va. No. 18 of Silverton Public Service District

NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, a public utility

OF

SANDYVILLE, WEST VIRGINIA

Public Service Commission
of W. VA. Tariff Office
FEB 02 2006
Special Studies Section

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

Silverton and vicinity, Jackson County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued January 23, 2006

Effective for all bills rendered on and after January 4, 2006
or as otherwise provided herein

Issued by authority of an order of the
Public Service Commission of West Virginia
in Case No. 05-1732-PSWD-NC dated
January 4, 2006 or as otherwise provided herein

Issued by NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT,
a public utility

By Frank A Murray

Chairman
Title

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Issued: January 4, 2012

CASE NO. 11-1414-PWD-PC

WOOD COUNTY COMMISSION,
Parkersburg, Wood County.
Petition for consent and approval of a boundary reduction for Mineral Wells Public Service District and a boundary expansion for Northern Jackson County Public Service District filed by Wood County Commission.

CASE NO. 11-1579-PWD-PC

JACKSON COUNTY COMMISSION, WIRT COUNTY COMMISSION and WOOD COUNTY COMMISSION.
Petition for consent and approval to adjust boundary lines of Northern Jackson County Public Service District

ORDER REQUIRING FILING OF PUBLICATION AFFIDAVITS

Case No. 11-1414-PWD-PC

On September 27, 2011, the Wood County Commission (WCC), Parkersburg, Wood County, filed a petition with the Public Service Commission of West Virginia, pursuant to *West Virginia Code* (*Code*) §16-13A-2, for consent and approval of a boundary reduction for Mineral Wells Public Service District (MWPSD) and a boundary expansion for Northern Jackson County Public Service District (NJPSD). The areas sought to be removed from the boundaries of MWPSD for purposes of providing public water utility service are located in Tucker and Reedy Districts in Wirt County and in Grant District in Jackson County. No areas within Wood County will be affected. The petition attached a metes and bounds description of the area to be removed from MWPSD's service territory. The petition also attached a copy of an Order entered on September 19, 2011, calling for a meeting of the WCC to consider an Order to effect the proposed change, including a notice of a public hearing to be conducted by the WCC on October 13, 2011, to consider the proposal.

On October 26, 2011, the WCC filed a copy of an Order entered by the WCC on October 13, 2011, adopting the proposed boundary change. The October 26, 2011 filing attached the metes and bounds description of MWPSD's service territory affected and publication affidavits showing that the public hearing notice was published on September 28, 2011, in the *Wirt County Journal*, a newspaper published and generally circulated in Wirt County; on September (illegible), 2011, in *Jackson Newspapers*, a newspaper published and generally circulated in Jackson County; and on September 30, 2011, in *The Parkersburg News and Sentinel*, a newspaper

published and generally circulated in Wood County. Each of the notices indicated that the WCC would be considering the proposed boundary line changes at the October 13, 2011 meeting of the WCC.

On October 28, 2011, Staff Attorney Lisa L. Wansley submitted the Initial and Final Joint Staff Memorandum, recommending that the WCC publish a notice of filing, and, if no protests were filed, the Commission grant the petition. Ms. Wansley opined that the filing fulfilled all of the requirements of state law and Commission rules and regulations pertaining to boundary changes of public service districts and that WCC had followed all procedures required by it before entering the October 13, 2011 Order.

Case No. 11-1579-PWD-PC

On October 27, 2011, the WCC, the Jackson County Commission (JCC) and the Wirt County Commission (Wirt CC) jointly filed a petition with the Commission, pursuant to *Code* §16-13A-2, for consent and approval of a boundary reduction for MWPSD and a boundary expansion for NJPSD by transferring "a few water customers located in Wirt County from MWPSD to NJPSD." Essentially, Case No. 11-1579-PWD-PC is just a more complete version of Case No. 11-1414-PWD-PC in that it includes all three County Commissions as Petitioners. The areas sought to be removed from the boundaries of MWPSD for purposes of providing public water utility service are located in Tucker and Reedy Districts in Wirt County and in Grant District in Jackson County. No areas within Wood County will be affected. The petition attached a metes and bounds description of the area to be removed from MWPSD's service territory. In addition to the material contained in Case No. 11-1414-W-PC, the petition in Case No. 11-1579-PWD-PC also attached a copy of an Order entered on August 25, 2011, calling for a meeting of the JCC to consider an Order to effect the proposed change, including a notice of a public hearing to be conducted by the JCC on September 29, 2011, to consider the proposal. Likewise, the petition in Case No. 11-1579-PWD-PC also attached a copy of an Order entered on September 7, 2011, calling for a meeting of the Wirt CC to consider an Order to effect the proposed change, including a notice of a public hearing to be conducted by the Wirt CC on September 20, 2011, to consider the proposal. The petition attached copies of the same publication affidavits referenced above. The petition also attached a map depicting the proposed boundary changes. Finally, the petition in Case No. 11-1579-PWD-PC contained Orders entered by the Wirt CC on September 20, 2011, and by the JCPSD on September 29, 2011.

Consolidated Case

By the Commission Referral Order entered on November 15, 2011, the Commission referred this matter to the Division of Administrative Law Judges (ALJ Division) for decision on or before January 17, 2012, if no protests are filed, and on or before April 24, 2012, if the matter is protested. While the Commission did not specifically consolidate the two cases, it listed both Case Nos. 11-1414-PWD-PC and 11-1579-PWD-PC in the style of the Commission Referral Order and otherwise treated the matter as consolidated.

By the Order Requiring Publication of Notice of Filing issued on November 28, 2011, the Administrative Law Judge (ALJ) formally consolidated Case Nos. 11-1414-PWD-PC and 11-1579-PWD-PC and required that the joint Petitioners cause the Notice of Filing attached to the November 28, 2011 Order to be published one time in each in the Counties of Wood, Wirt and Jackson, as a Class I legal advertisement in newspapers qualified under *Code* §59-3-1 *et seq.*, and published and generally circulated in each of those Counties. **The November 28, 2011 Order also required that the joint Petitioners file publication affidavits showing compliance with this notice requirement no later than December 16, 2011**, and upon receipt of the publication affidavits showing publication of the Notice of Filing in each of the three Counties, the ALJ would determine whether his decision due date is January 17, 2012, or April 24, 2012, and whether a hearing is required.

The Petitioners have not filed the required publication affidavits.

DISCUSSION

Rules 8.3.a. and 8.4.a of the Commission *Rules for the Government of Water Utilities* (*Water Rules*) govern the procedures to be followed in this proceeding, as follows:

> 8.3.a. Upon the receipt of a county commission order proposing the creation, enlargement, reduction, merger, dissolution, or consolidation of a public service district pursuant to W. Va. Code §16-13A-2, the Commission shall enter an order directing the county commission to provide notice of the proceeding through the issuance of a Class I legal advertisement in the form prescribed by the Commission, in the county or counties affected by the proposed order. The notice shall include the right of any customer of the proposed public service district or other interested party to file a written protest. See Water Form No. 8 for example of notice to be published. (Emphasis added).
>
> 8.4.a. The Commission may hold a hearing or hearings in each county affected by a county commission order(s) filed pursuant to subdivision 8.1.a. The Commission shall publish a Class I legal advertisement giving notice should it hold such hearing or hearings.

Since the Petitioners have not filed publication affidavits showing that they have complied with the notice requirements of *Code* §16-13A-2, the ALJ will grant the Petitioners 10 days to either file the required affidavits or show good cause to the ALJ, in writing, why he should not dismiss the petitions for failure of the Petitioners to prosecute their petitions.

ORDER

IT IS, THEREFORE, ORDERED that, within 10 days of the date of this Order, the Wood County Commission, the Wirt County Commission and the Jackson County Commission, acting jointly, file the publication affidavits required by the November 28, 2011 Order Requiring Publication of Notice of Filing, attached as Appendix A to the November 28, 2011 Order, or

show good cause to the ALJ, in writing, why he should not dismiss the petitions for failure of the Petitioners to prosecute the petitions.

IT IS FURTHER ORDERED that all parties of record be, and hereby are, notified that Rules 4.4 and12.7 of the Commission's *Rules of Practice and Procedure* and General Order No. 182.4 require that, in all proceedings before the Commission, corporations and other legal entities other than individuals must be represented by an attorney who is a member in good standing with the West Virginia State Bar or associated with a West Virginia attorney in good standing with the West Virginia State Bar and who otherwise qualifies under Rule 8.0 of the Supreme Court's *Rules for Admission to the Practice of Law.*

IT IS FURTHER ORDERED that the Executive Secretary's Office serve a copy of this order upon all parties by electronic service, if they have filed an e-service agreement with the Commission; by United States Certified Mail, return receipt requested, if they have not filed an e-service agreement with the Commission; and upon Commission Staff by hand delivery.

Ronnie Z. McCann
Deputy Chief Administrative Law Judge

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: January 17, 2012

FINAL

2/6/2012

CASE NO. 11-1414-PWD-PC

WOOD COUNTY COMMISSION,
Parkersburg, Wood County.
Petition for consent and approval of a boundary reduction for Mineral Wells Public Service District and a boundary expansion for Northern Jackson County Public Service District filed by Wood County Commission.

CASE NO. 11-1579-PWD-PC

JACKSON COUNTY COMMISSION, WIRT COUNTY COMMISSION and WOOD COUNTY COMMISSION.
Petition for consent and approval to adjust boundary lines of Northern Jackson County Public Service District

RECOMMENDED DECISION

This Recommended Decision grants the petitions and approves the County Commissions' Orders.

Case No. 11-1414-PWD-PC

On September 27, 2011, the Wood County Commission (WCC), Parkersburg, Wood County, filed a petition with the Public Service Commission of West Virginia, pursuant to *West Virginia Code* (*Code*) §16-13A-2, for consent and approval of a boundary reduction for Mineral Wells Public Service District (MWPSD) and a boundary expansion for Northern Jackson County Public Service District (NJPSD). The areas sought to be removed from the boundaries of MWPSD for purposes of providing public water utility service are located in Tucker and Reedy Districts in Wirt County and in Grant District in Jackson County. No areas within Wood County will be affected. The petition attached a metes and bounds description of the area to be removed from MWPSD's service territory. The petition also attached a copy of an Order entered on September 19, 2011, calling for a meeting of the WCC to consider an Order to effect the proposed change, including a notice of a public hearing to be conducted by the WCC on October 13, 2011, to consider the proposal.

On October 26, 2011, the WCC filed a copy of an Order entered by the WCC on October 13, 2011, adopting the proposed boundary change. The October 26, 2011 filing attached the metes and bounds description of MWPSD's service territory affected and publication affidavits showing that the public hearing notice was published on September 28, 2011, in the *Wirt County*

Journal, a newspaper published and generally circulated in Wirt County; on September (illegible), 2011, in *Jackson Newspapers*, a newspaper published and generally circulated in Jackson County; and on September 30, 2011, in *The Parkersburg News and Sentinel*, a newspaper published and generally circulated in Wood County. Each of the notices indicated that the WCC would be considering the proposed boundary line changes at the October 13, 2011 meeting of the WCC.

On October 28, 2011, Staff Attorney Lisa L. Wansley submitted the Initial and Final Joint Staff Memorandum, recommending that the WCC publish a notice of filing, and, if no protests were filed, the Commission grant the petition. Ms. Wansley opined that the filing fulfilled all of the requirements of state law and Commission rules and regulations pertaining to boundary changes of public service districts and that WCC had followed all procedures required by it before entering the October 13, 2011 Order.

Case No. 11-1579-PWD-PC

On October 27, 2011, the WCC, the Jackson County Commission (JCC) and the Wirt County Commission (Wirt CC) jointly filed a petition with the Commission, pursuant to *Code* §16-13A-2, for consent and approval of a boundary reduction for MWPSD and a boundary expansion for NJPSD by transferring "a few water customers located in Wirt County from MWPSD to NJPSD." Essentially, Case No. 11-1579-PWD-PC is just a more complete version of Case No. 11-1414-PWD-PC in that it includes all three County Commissions as Petitioners. The areas sought to be removed from the boundaries of MWPSD for purposes of providing public water utility service are located in Tucker and Reedy Districts in Wirt County and in Grant District in Jackson County. No areas within Wood County will be affected. The petition attached a metes and bounds description of the area to be removed from MWPSD's service territory. In addition to the material contained in Case No. 11-1414-W-PC, the petition in Case No. 11-1579-PWD-PC also attached a copy of an Order entered on August 25, 2011, calling for a meeting of the JCC to consider an Order to effect the proposed change, including a notice of a public hearing to be conducted by the JCC on September 29, 2011, to consider the proposal. Likewise, the petition in Case No. 11-1579-PWD-PC also attached a copy of an Order entered on September 7, 2011, calling for a meeting of the Wirt CC to consider an Order to effect the proposed change, including a notice of a public hearing to be conducted by the Wirt CC on September 20, 2011, to consider the proposal. The petition attached copies of the same publication affidavits referenced above. The petition also attached a map depicting the proposed boundary changes. Finally, the petition in Case No. 11-1579-PWD-PC contained Orders entered by the Wirt CC on September 20, 2011, and by the JCPSD on September 29, 2011, approving the changes.

Consolidated Case

By the Commission Referral Order entered on November 15, 2011, the Commission referred this matter to the Division of Administrative Law Judges (ALJ Division) for decision on or before January 17, 2012, if no protests are filed, and on or before April 24, 2012, if the matter is protested. While the Commission did not specifically consolidate the two cases, it listed both

Case Nos. 11-1414-PWD-PC and 11-1579-PWD-PC in the style of the Commission Referral Order and otherwise treated the matter as consolidated.

By the Order Requiring Publication of Notice of Filing issued on November 28, 2011, the Administrative Law Judge (ALJ) formally consolidated Case Nos. 11-1414-PWD-PC and 11-1579-PWD-PC and required that the joint Petitioners cause the Notice of Filing attached to the November 28, 2011 Order to be published one time each in the Counties of Wood, Wirt and Jackson, as a Class I legal advertisement in newspapers qualified under *Code* §59-3-1 *et seq.*, and published and generally circulated in each of those Counties. The November 28, 2011 Order also required that the joint Petitioners file publication affidavits showing compliance with this notice requirement no later than December 16, 2011, and upon receipt of the publication affidavits showing publication of the Notice of Filing in each of the three Counties, the ALJ would determine whether his decision due date is January 17, 2012, or April 24, 2012, and whether a hearing is required.

Since, as of January 4, 2012, the Petitioners had not filed the required publication affidavits, by Order Requiring Filing of Publication Affidavits issued on January 4, 2012, the ALJ granted the Petitioners 10 days to either file the required affidavits or show good cause to the ALJ, in writing, why he should not dismiss the petitions for failure of the Petitioners to prosecute their petitions.

On January 10, 2012, the Petitioners filed publication affidavits showing that the Notice of Filing was published on December 1, 2011, in *Jackson Newspapers*; on December 2, 2011, in *The Parkersburg News-Sentinel*; and on December 7, 2011, in the *Wirt County Journal.*

No protest has been filed.

DISCUSSION

Having considered all of the above, since no dispute remains to be resolved in this proceeding, as evidenced by the lack of response to Staff's final recommendation, the ALJ will consider the parties to have waived their rights under *West Virginia Code* §24-1-9(b) to file proposed findings of fact and conclusions of law, or briefs, in this proceeding, or to a hearing.

Rules 8.3.a. and 8.4.a of the Commission *Rules for the Government of Water Utilities* (*Water Rules*) govern the procedures to be followed in this proceeding, as follows:

> 8.3.a. Upon the receipt of a county commission order proposing the creation, enlargement, reduction, merger, dissolution, or consolidation of a public service district pursuant to W. Va. Code §16-13A-2, the Commission shall enter an order directing the county commission to provide notice of the proceeding through the issuance of a Class I legal advertisement in the form prescribed by the Commission, in the county or counties affected by the proposed order. The notice shall include the right of any customer of the proposed public service district or

other interested party to file a written protest. See Water Form No. 8 for example of notice to be published. (Emphasis added).

8.4.a. The Commission may hold a hearing or hearings in each county affected by a county commission order(s) filed pursuant to subdivision 8.1.a. The Commission shall publish a Class I legal advertisement giving notice should it hold such hearing or hearings.

Since the Petitioners have filed publication affidavits showing that they have complied with the notice requirements of *Code* §16-13A-2, *Water Rule* 8.3.a. and Commission Orders in this case by filing the publication affidavits showing proper publication of the Notice of Filing, the ALJ will grant the petitions and approve the County Commission Orders.

FINDINGS OF FACT

1. The Wood County Commission filed a petition with the Public Service Commission of West Virginia, designated Case No. 11-1414-W-PC, pursuant to *West Virginia Code* (*Code*) §16-13A-2, for consent and approval of a boundary reduction for Mineral Wells Public Service District and a boundary expansion for Northern Jackson County Public Service District. The areas sought to be removed from the boundaries of MWPSD for purposes of providing public water utility service are located in Tucker and Reedy Districts in Wirt County and in Grant District in Jackson County. No areas within Wood County will be affected. The petition attached a metes and bounds description of the area to be removed from MWPSD's service territory. The petition also attached a copy of an Order entered on September 19, 2011, calling for a meeting of the WCC to consider an Order to effect the proposed change, including a notice of a public hearing to be conducted by the WCC on October 13, 2011, to consider the proposal. (See, September 27, 2011 petition).

2. The WCC filed a copy of an Order entered by the WCC on October 13, 2011, adopting the proposed boundary change. The filing attached the metes and bounds description of MWPSD's service territory affected and publication affidavits showing that the public hearing notice was published on September 28, 2011, in the *Wirt County Journal*, a newspaper published and generally circulated in Wirt County; on September (illegible), 2011, in *Jackson Newspapers*, a newspaper published and generally circulated in Jackson County; and on September 30, 2011, in *The Parkersburg News and Sentinel*, a newspaper published and generally circulated in Wood County. Each of the notices indicated that the WCC would be considering the proposed boundary line changes at the October 13, 2011 meeting of the WCC. (See, WCC Order, filed on October 26, 2011).

3. The WCC, the JCC and Wirt CC jointly filed a petition with the Commission, designated No. 11-1579-PWD-PC, pursuant to *Code* §16-13A-2, for consent and approval of a boundary reduction for MWPSD and a boundary expansion for NJPSD by transferring "a few water customers located in Wirt County from MWPSD to NJPSD." Essentially, Case No. 11-1579-PWD-PC is just a more complete version of Case No. 11-1414-PWD-PC in that it includes all three County Commissions as Petitioners. In addition to the material contained in Case No. 11-1414-W-PC, the petition in Case No. 11-1579-PWD-PC also attached a copy of an Order

entered on August 25, 2011, calling for a meeting of the JCC to consider an Order to effect the proposed change, including a notice of a public hearing to be conducted by the JCC on September 29, 2011, to consider the proposal. Likewise, the petition in Case No. 11-1579-PWD-PC also attached a copy of an Order entered on September 7, 2011, calling for a meeting of the Wirt CC to consider an Order to effect the proposed change, including a notice of a public hearing to be conducted by the Wirt CC on September 20, 2011, to consider the proposal. The petition attached copies of the same publication affidavits referenced above. The petition also attached a map depicting the proposed boundary changes. Finally, the petition in Case No. 11-1579-PWD-PC contained Orders entered by the Wirt CC on September 20, 2011, and by the JCPSD on September 29, 2011, approving the changes. (See, October 27, 2011 petition).

4. The Petitioners filed publication affidavits showing that the Notice of Filing was published on December 1, 2011, in *Jackson Newspapers*; on December 2, 2011, in *The Parkersburg News-Sentinel*; and on December 7, 2011, in the *Wirt County Journal*. (See, publication affidavits filed on January 10 and 11, 2012).

5. No protest has been filed. (See, Commission's file).

CONCLUSION OF LAW

Since the three County Commission gave proper notice of the filing and no protests were filed with the Commission, it is reasonable to grant the petitions and approve the Orders.

ORDER

IT IS, THEREFORE, ORDERED that the petitions filed with the Commission on September 27, 2011, by the Wood County Commission and on October 27, 2011, by the Wood County Commission, the Wirt County Commission and the Jackson County Commission be, and hereby are, granted.

IT IS FURTHER ORDERED that the Orders entered by the Wirt County Commission on September 20, 2011, by the Jackson County Commission on September 29, 2011, and by the Wood County Commission on October 13, 2011, changing the boundaries of two public service districts, i.e., reducing the boundary of Mineral Wells Public Service District and expanding the boundary of Northern Jackson County Public Service District for purposes of providing public water utility service in Tucker and Reedy Districts in Wirt County and in Grant District in Jackson County, as set forth in said County Commission Orders and documents referenced in said County Commission Orders, be, and hereby are, approved.

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

IT IS FURTHER ORDERED that the Executive Secretary serve a copy of this order upon the Commission by hand delivery; by electronic service upon all parties of record who have filed an e-service agreement with the Commission; and by United States Certified Mail, return receipt

requested, upon all parties of record who have not filed an e-service agreement with the Commission.

Leave hereby is 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 Recommended Decision 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 Recommended Decision 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 recommended decision by filing an appropriate petition in writing with the Executive Secretary. No such waiver will be effective until approved by order of the Commission.

Ronnie Z. McCann
Deputy Chief Administrative Law Judge

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The Jackson County Commission

Jackson County Courthouse
Ripley, West Virginia 25271
Phone (304) 373-2220
Fax (304) 373-0245

Commissioner
JOE PITTS

Commissioner
TOMMY NUTTER

Commissioner
DICK WAYBRIGHT

June 9, 2011

Ms. Jerri Stephens
220 Wolf Pen Hallow Road
Ravenswood, WV 26164

Dear Jerri:

We are pleased to advise you that during our regular meeting of June 9, 2011, you were appointed to serve an additional term as a member of the Northern Jackson County Public Service District. This term will expire July 1, 2017, and you may stop by the office of the County Clerk at your convenience to sign your oath of office.

We would like to take this opportunity to thank you for your willingness to accept this appointment. We are sure you will continue to be a valuable asset on this board.

Once again we would like to thank you, and if you have any questions, please feel free to contact us.

Sincerely,

THE JACKSON COUNTY COMMISSION

Joe Pitts, President

Tommy Nutter, Commissioner

Dick Waybright, Commissioner

JCC:sg

The Jackson County Commission

Jackson County Courthouse
Ripley, West Virginia 25271
Phone (304) 373-2220
Fax (304) 373-0245

Commissioner
Virginia J. Starcher

Commissioner
James L. Waybright

Commissioner
Donald Stephens

December 21, 2006

Mr. Seldon Angus
Rt. 3, Box 7
Sandyville, WV 25275

Dear Mr. Angus:

We are pleased to advise you that during our regular meeting of December 21, 2006, you were appointed to serve an additional term as a member of the Northern Jackson County Public Service District. Your new term will January 1, 2013 and you may stop by the office of the County Clerk at your convenience to sign your oath of office.

We would like to take this opportunity to thank you for your willingness to accept this additional appointment. We are sure you will continue to be a valuable asset on this board.

Once again we would like to thank you, and if we may be of service to you in any way, please feel free to contact us.

Sincerely,

THE JACKSON COUNTY COMMISSION

Donald G. Stephens

Donald G. Stephens, President

James L. Waybright

James L. Waybright, Commissioner

Virginia J. Starcher

Virginia J. Starcher, Commissioner

JCC:sg

The Jackson County Commission

Jackson County Courthouse
Ripley, West Virginia 25271
Phone (304) 373-2220
Fax (304) 373-0245

Commissioner
Joe Pitts

Commissioner
Tommy Nutter

Commissioner
Dick Waybright

March 15, 2012

Mr. John C. Lockhart
7355 Windy Ridge Road
Sandyville, WV 25275

Dear Mr. Lockhart:

We are pleased to advise you that during our regular meeting of March 15, 2012, you were appointed to serve an additional term as a member of the Northern Jackson County Public Service District. This term will expire April 1, 2018, and you may stop by the office of the County Clerk at your convenience to sign your oath of office.

We would like to take this opportunity to thank you for your willingness to accept this additional appointment. We are sure you will continue to be a valuable asset on this board.

Once again we would like to thank you, and if you have any questions, please feel free to contact us.

Sincerely,

THE JACKSON COUNTY COMMISSION

Joe Pitts, President

Tommy Nutter, Commissioner

Dick Waybright, Commissioner

JCC:sg

The Jackson County Commission

Jackson County Courthouse
Ripley, West Virginia 25271
Phone (304) 373-2220
Fax (304) 373-0245

Commissioner
JOE PITTS

Commissioner
TOMMY NUTTER

Commissioner
DICK WAYBRIGHT

OATH OF OFFICE

STATE OF WEST VIRGINIA

COUNTY OF JACKSON, to-wit:

I, Jerri Stephens, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties as a member of the Northern Jackson County Public Service District in and for Jackson County, West Virginia, to the best of my skill and judgment, during my continuance in the same. SO HELP ME GOD.

Term to expire: July 1, 2017

Jerri G Stephens

Jerri Stephens

Subscribed and sworn to before the County Commissioner of Jackson County, West Virginia, this 1st day of July, 2011.

Joe Pitts

OATH OF OFFICE

STATE OF WEST VIRGINIA

COUNTY OF JACKSON, to-wit:

I, Seldon Angus, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties as a member of the Northern Jackson County Public Service District in and for Jackson County, West Virginia, to the best of my skill and judgment, during my continuance in the same. SO HELP ME GOD. Term to expire January 1, 2013.

Seldon Angus

Seldon Angus

Subscribed and sworn to before the County Commissioner of Jackson County, West Virginia, this 28th day of December, 2007 2006

Jeff Waybright

Jeff Waybright, County Clerk

OATH OF OFFICE

STATE OF WEST VIRGINIA

COUNTY OF JACKSON, to-wit:

I, John Lockhart, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties as a member of the Northern Jackson County Public Service District in and for Jackson County, West Virginia, to the best of my skill and judgment, during my continuance in the same. SO HELP ME GOD.

Term to expire: April 1, 2018

John Lockhart

John Lockhart

Subscribed and sworn to before the Clerk of Jackson County, West Virginia, this 19 day of March, 2012.

Jeff Waughright/cw

STATE OF WEST VIRGINIA,

COUNTY OF JACKSON, to-wit:

I, JOHN LOCKHART, do hereby certify that I am the duly qualified and acting Secretary of the Public Service Board of the Northern Jackson County Public Service District.

I further certify that attached hereto is a true and correct copy of the Rules of Procedure of the Public Service Board of the Silverton Public Service District, now known as the Northern Jackson County Public Service District, Jackson County, West Virginia, adopted on June 21, 2005, and which remain in full force and effect with no changes, insertions, amendments or modifications having been made thereto since their date of adoption.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and affixed the seal of said Public Service District as of the 24th day of July, 2012.

John C Lockhart

Secretary

(SEAL)

RULES OF PROCEDURE

NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

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

Section 2. The principal office of the District will be located at 39 Gilmore Drive, Sandyville, WV 25275, Jackson County, West Virginia.

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

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

ARTICLE II

PURPOSE

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

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of the District (the "Board") shall be those persons appointed by The County Commission of Jackson County, West Virginia (the "County Commission"), or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

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

appointment or re-appointment to maintain a fully qualified membership of the Board.

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

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

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

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

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

ARTICLE IV

MEETINGS OF THE BOARD

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

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

Section 3. Unless otherwise waived, notice to members of regular meetings shall be by

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

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

Rule No. 1. Notice of Regularly Scheduled Meetings. Immediately after adoption of these Rules of Procedure and in July of each year thereafter, the Board shall instruct the Secretary to, and the Secretary shall, post, and leave posted throughout the year to which it applies, at the regular meeting place of the Board and at the Jackson County Courthouse, where notices customarily are posted, a notice setting forth the date, time and place of the Board's regularly scheduled meetings for the ensuing year. In addition, a copy of the agenda for each regularly scheduled meeting shall also be posted at the same location by the Secretary not less than 72 hours before such regular meeting is to be held.

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

News Media	Address
Jackson Herald	Ripley, WV
Star News	Ravenswood, WV

A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed above, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail. In July of each year after the adoption of these Rules of Procedure, the Board shall review the above list and shall amend such list as needed, in the opinion of the Board, to reflect properly all the newspapers and other news media that customarily cover news of the area served by the Board. In addition, a copy of the agenda for each regularly scheduled meeting shall also be distributed to the news media by the Secretary not less than 72 hours before such regular meeting is to be held.

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

was given.

Rule No. 2. Notice of Special Meetings. Not less than 72 hours prior to the date set for any special meeting of the Board, the Board shall instruct the Secretary to, and the Secretary shall, post at the regular meeting place of the Board and at the Jackson County Courthouse, where notices customarily are posted, a notice setting forth the date, time, place and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

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

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

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

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

Rule No. 5. Minutes. The Board shall provide for the preparation of written minutes of all of its meetings. Subject to the exceptions set forth in Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended, minutes of all meetings except minutes of

executive sessions, if any are taken, shall be available to the public within a reasonable time after the meeting and shall include, at least, the following information:

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

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

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

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

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

ARTICLE V

OFFICERS

Section 1. The officers of the Board shall be a Chairperson, Secretary and Treasurer. The Chairperson shall be elected from the members of the Board. The Secretary and Treasurer need not be members of the Board. In addition to the foregoing officers, the Board may designate such other officers or officials as from time to time may be deemed advisable and may prescribe their duties.

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

ARTICLE VI

DUTIES OF OFFICERS

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

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

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. Duplicate records shall be filed with the County Commission and shall include the minutes of all Board meetings. The Secretary shall, together with the Chairperson, sign the minutes of the meetings at which the Secretary is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other documents and papers of the Board. The Secretary shall also perform such other duties as may be required of the Secretary by law or as may be conferred upon the Secretary 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 the Treasurer and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. The Treasurer shall keep and preserve all financial records of the District for 10 years and shall at all times have such records readily available for public inspection. At the end of the Treasurer's term of office, the Treasurer shall promptly deliver all financial records of the District to his successor in office. The Treasurer shall also perform such other duties as may be required of the Treasurer by law or as may be conferred upon the Treasurer from time to time by the members of the Board. The Treasurer shall furnish bond in an amount to be fixed by the Board for the use and benefit of the District.

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

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

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

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

Readopted this 17th day of August, 2010.

Frank A Murrey
Chairman and Member

John C Lockhart
Member

Member

Northern Jackson County Public Service District
Minutes- Board Meeting * Tuesday, January 18, 2011

Those in attendance were: Jerri Stephens, Chairman; John Lockhart, Secretary; Seldon Angus, Treasurer; Kim DeVaughn, Manager;

The meeting was called to order by Seldon Angus at 6:00 p.m.

John Lockhart moved to approve the minutes from the previous board meeting held on December 21, 2010. Seldon Angus second. Motion carried. Three yes votes unanimously approved.

The Water and Sewer Financial Reports for December 2010 were presented. John Lockhart moved to accept the Financial Reports. Seldon Angus second. Motion carried. Three yes votes unanimously approved.

Invoices were signed by the Audit Committee. Seldon Angus moved to pay invoices and payment of checks (water) #5938 - #5983. No invoices and payment of checks (sewer)# John Lockhart second. Motion carried. Three yes votes unanimously approved.

No adjustment for the month were presented to the Board.

One new tap for the month was presented for approval. Tap was for the Sandyville Church of Christ Parsonage. Seldon Angus made a motion to approve tap for the Sandyville Church of Christ Parsonage. John Lockhart second. Motion carried. Three yes votes unanimously approved.

December's unaccountable water loss was 20.25% (total loss 21.93%.) December 28, 2010 had a leak of 1/2-1gpm at Ben Smith's on Liverpool Road.

ITEMS FOR DISCUSSION:

Water - Lockhart Fork/Medina -The District is still waiting on Right-of-Ways from customer. Todd Dingess, Smith, Cochran, & Hicks; is working on the Rule 42.

Sewer - Jim Hildreth, Boyles & Hildreth presented the Resolution of the Northern Jackson County PSD Approving invoices relating to the sanitary sewer collection system project and authorizing payment for Drawdown No. 7. John Lockhart moved to pay invoices for Drawdown No. 7. Seldon Angus second. Motion carried. Three yes votes unanimously approved.

January 11, 2011 The District held a sewer construction progress meeting, those in attendance were. Seldon Angus, & Kim DeVaughn, NJCPSD; Matt Cox, & Jim Hildreth, Boyles & Hildreth; Rick Mers, USACE; Douglas Lent & Billie Sharp, City of Ravenswood; Wayne Kee, Pipe Plus Inc. (See attached progress meeting notes).

Next progress meeting will be held April 26, 2011, at 2:00 pm.

Sewer construction is on Winter shut down until April 1, 2011, unless the weather would permit Pipe Plus Inc. to start sooner.

Tariff Case No. 10-1056-PWD-19A - December 29, 2010, Kim mailed Tariff Form No. 6-A and notifications to Sandra Squire, Executive Secretary WV Public Service Commission; that each individual customer has been notified of the rate increase.

January 12, 2011, Kim mailed the Capital Improvement Plan to Tarah Pertersen, PSC.

Tarah Petersen, PSC; is still working on the audit to see if the District will receive a rate increase.

Annual Election were held at January's Board Meeting. John Lockhart made a motion to approve Jerri Stephens as the new Chairman. Seldon Angus second. Motion carried. Three yes votes unanimously approved. John Lockhart made a motion for the Secretary and Treasurer potions to remain the same. Seldon Angus second. Motion carried. Three yes votes unanimously approved.

The District will be transferring from Fibernet to Frontier. Frontier will be able to offer the District DSL internet service in a bundled package with the District's phone lines. The package the District will be receiving includes a free HP model 620 laptop computer and a free Microsoft Office program. The contract with Frontier will be for 3 years. (Please review attached contract, any concerns with the contract please let Kim know).

WV WISP - No new updates at this time.

Once Frontier is installed in the District's office, and we receive our first bill for services from Frontier, Kim will type a contract for WV WISP to pay the cost of the internet service for the District. This was a verbal agreement between Kim and Frank Waybright, WV WISP and the District will obtain this agreement in writing.

January 20, 2011, EPA will be holding a water meeting at the City of Ravenswood Fire Hall from 6:30pm-8:30pm. EPA representatives will be presenting the proposed plan and will answer questions regarding the site. Tetracholorethylene is the contaminant of concern at Ravenswood. (See attached).

The telemetry system - No new updates at this time. Kim is still getting estimates for radio read.

Seldon Angus moved to adjourn at 7:06 p.m. John Lockhart second. Motion carried. Three yes votes unanimously approved.

Jerri G. Stephens, Chairman

John C. Lockhart, Secretary

Northern Jackson County Public Service District

Minutes- Special Board Meeting * Friday, June 8, 2012

A public hearing date is set for June 8, 2012 at 10:00 a.m. at the District's office to consider for adoption a "Resolution" to authorize the issuance of Water Revenue Bond, Series 2012 in the amount of $1,910,000. The Bond will provide a portion of the funds to finance the cost of acquiring and constructing betterments and improvements for the existing water system of the District.

The purpose of the public hearing is for any person or persons interested to be given an opportunity to appear before the Board and provide suggestions, protests or objections as to whether or not the Resolution shall be put into effect.

Those in attendance were: Jerri G. Stephens, Chairman; John Lockhart, Secretary; Brent Hill, Treasurer; Deb Smith, Admin.; Northern Jackson Co. PSD, Brock Stotts, Goodwin & Goodwin.

The meeting was called to order by Jerri Stephens at 10:05 a.m.

ITEMS FOR DISCUSSION:

* Water Revenue Bond, Series 2012 in the amount of $1,910,000

  AUTHORIZING PAYMENT OF THE SERIES 2009 NOTE AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,910,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BOND, SERIES 2012 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BOND; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BOND; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENT RELATING TO SUCH BOND; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

* Adoption of a "Resolution" entitled:

  "Authorizing the Acquisition and Construction of Certain Improvements and Extensions to the Existing Public Water Facilities of Northern Jackson County Public Service District and the Financing of the Cost Thereof, Not Otherwise Provided, Through the Issuance by the District of Not More Than $1,910,000 in

Aggregate Principal Amount of Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund); Providing for the Rights and Remedies of and Security for the Registered Owners of Such Bond; Authorizing Execution and Delivery of All Documents Relating to the Issuance of Such Bond; Approving, Ratifying and Confirming the Loan Agreement Relating to Such Bond; Authorizing the Sale and Providing for the Terms and Provisions of Such Bond and Adopting Other Provisions Relating Thereto"

This bond resolution authorizes payments of the Series 2009 Note and the acquisition and construction of certain improvements and extensions to the existing public water facilities of the Northern Jackson County Public Service District and the financing of the cost of not more than $1,910,000. This financing serves as the permanent financing for the construction of the project and payoff of a $110,000 design loan for which WesBanco served as the Registrar in 2009. Brent Hill made a motion to adopt the "Bond Resolution", John Lockhart second. Motion carried. Three yes votes unanimously approved.

* Supplemental Resolution

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BOND, SERIES 2012 (WEST VIRGINIA INFRASTRUCTURE FUND); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BOND TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; MAKING PROVISIONS FOR THE PAYMENT OF THE BOND; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BOND.

Due to the IJDC Council postponing a decision on the underrun funds until the June 26, 2012 IJDC Funding Committee Meeting , Brent Hill made a motion to table the "Supplemental Resolution"until the July Board meeting. John Lockhart second. Motion carried. Three yes votes unanimously approved.

Brent Hill moved to adjourn at 10:27 am. John Lockhart second. Motion carried. Three yes votes unanimously approved.

Jeff G. Stephens, Chair

John C. Lockhart, Secretary

AFFIDAVIT OF PUBLICATION

Cost of Publication $115.40

State of West Virginia,
County of Jackson, to wit: The Jackson Herald Ripley

I, Gregory Matics, being first sworn upon my oath, do depose and say that I am editor of Jackson Newspapers, a newspaper that I have been duly authorized by the board of directors of such corporation to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below: that such newspaper is regularly published once weekly for at least fifty weeks during the calendar year, in the municipality of Ripley, Jackson County, West Virginia; that such newspaper is a newspaper of "general circulation" as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover per issue; that such newspaper is circulated to the general public at a definite price of consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed notice of Notice to Residents was duly published in said newspaper once a week for 1 successive weeks, commencing with the issue of the 22 day of May, 2012 and ending with the issue of the 22 day of May, 2012.

Gregory Matics

Gregory Matics, Editor
Jackson Newspapers

Taken, subscribed and sworn to before me in my said county this 25 day of May, 2012.

Connie Sharp

Notary Public of Jackson County, West Virginia

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CONNIE SHARP
245 MAPLEWOOD HEIGHTS DR.
RIPLEY, WV 25271
My commission expires February 5, 2013

NOTICE TO RESIDENTS OF NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT AND OTHER PERSONS INTERESTED IN RESOLUTION FOR PROPOSED ISSUANCE OF $1,910000 WATER REVENUE BOND, SERIES 2012 (WEST VIRGINIA INFRASTRUCTURE FUND)

Pursuant to the provisions of West Virginia Code Chapter 6, Article 9A, Section 6, and in accordance with the provisions of West Virginia Code Chapter 16, Article 13A and Chapter 31, Article 15A, as amended, you hereby notified that a meeting of the Public Service Board (the "Board") of the Northern Jackson County Public Service District (The "District") will be held on the 8th day of June, 2012, to consider for adoption a Resolution entitled "Authorizing the Acquisition and Construction of Certain Improvements and Extensions to the Existing Public Water Facilities of Northern Jackson County Public Service District and the Financing of the Cost Thereof, Not Otherwise Provided. Through the Issuance by the District of Not More Than $1,910,000 in Aggregate Principal Amount of Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund); Providing for the Rights and Remedies of the Security for the Registered Owners of Such Bond; Authorizing Execution and Delivery of all Documents Relating to the Issuance of such Bond; Approving, Ratifying and Confirming the Loan Agreement Relating to Such Bond; Authorizing the Sale and Providing for the Terms and Provisions of Such Bond and Adopting Other Provisions Relating Thereto (the "Reso- Series 2012 (West Virginia Infrastructure Fund) (the "Series 2012 Bond"), of the District in the amount of $1,910,000. The Bond will provide a portion of the funds to finance the cost of acquiring and constructing betterments and improvements for the existing water system of the District.

The entire amount of the principal of the Series 2012 Bond will be paid from revenues derived and collected each year following completion of the Project and from the operation of the System. The Resolution provides provisions with respect for the final interest rate for the Series 2012 Bond, which shall be zero percent (0%) per annum over the balance of the term.

A copy of the Resolution is available for examination by any interested person at the District's office during regular office hours of such office from 8:30 a.m. to 4:00 p.m., Monday through Friday.

The meeting will be held at the District's office located at 39 Gilmore Drive in Sandyville, West Virginia, on the 8th day of June, 2012, at 10:00 a.m. and any person or persons interested may appear before the Board and be heard as to whether or not the Resolution shall be put into effect. All suggestions, protests and objections to the issuance of the Series 2012 Bond will be heard by the Board.

Dated this 15th day of May, 2012

NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
Jackson County, West Virginia

Jerry G. Stephens,
Chairperson
John Lockhart, Secretary
5/22

AFFIDAVIT OF PUBLICATION

Cost of Publication $115.40

State of West Virginia,
County of Jackson, to wit:

The Star News Ravenswood

I, Gregory Matics, being first sworn upon my oath, do depose and say that I am editor of Jackson Newspapers, a newspaper that I have been duly authorized by the board of directors of such corporation to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below: that such newspaper is regularly published once weekly for at least fifty weeks during the calendar year, in the municipality of Ripley, Jackson County, West Virginia; that such newspaper is a newspaper of "general circulation" as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover per issue; that such newspaper is circulated to the general public at a definite price of consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed notice of Notice to Residents was duly published in said newspaper once a week for 1 successive weeks, commencing with the issue of the 24 day of May, 2012 and ending with the issue of the 24 day of May, 2012.

Gregory Matics

Gregory Matics, Editor
Jackson Newspapers

Taken, subscribed and sworn to before me in my said county this 25 day of May, 2012.

Connie Sharp

Notary Public of Jackson County, West Virginia

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CONNIE SHARP
245 MAPLEWOOD HEIGHTS DR.
RIPLEY, WV 25271
My commission expires February 5, 2013

NOTICE TO RESIDENTS OF NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT AND OTHER PERSONS INTERESTED IN RESOLUTION FOR PROPOSED ISSUANCE OF $1,910000 WATER REVENUE BOND, SERIES 2012 (WEST VIRGINIA INFRASTRUCTURE FUND)

Pursuant to the provisions of West Virginia Code Chapter 6, Article 9A, Section 6, and in accordance with the provisions of West Virginia Code Chapter 16, Article 13A and Chapter 31, Article 15A, as amended, you hereby notified that a meeting of the Public Service Board (the "Board") of the Northern Jackson County Public Service District (The "District") will be held on the 8th day of June, 2012, to consider for adoption a Resolution entitled "Authorizing the Acquisition and Construction of Certain Improvements and Extensions to the Existing Public Water Facilities of Northern Jackson County Public Service District and the Financing of the Cost Thereof, Not Otherwise Provided. Through the Issuance by the District of Not More Than $1,910,000 in Aggregate Principal Amount of Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund); Providing for the Rights and Remedies of the Security for the Registered Owners of Such Bond; Authorizing Execution and Delivery of all Documents Relating to the Issuance of such Bond; Approving, Ratifying and Confirming the Loan Agreement Relating to Such Bond; Authorizing the Sale and Providing for the Terms and Provisions of Such Bond and Adopting Other Provisions Relating Thereto (the "Resolution") to authorize the issuance of Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund) (the "Series 2012 Bond"), of the District in the amount of $1,910,000. The Bond will provide a portion of the funds to finance the cost of acquiring and constructing betterments and improvements for the existing water system of the District.

The entire amount of the principal of the Series 2012 Bond will be paid from revenues derived and collected each year following completion of the Project and from the operation of the System. The Resolution provides provisions with respect for the final interest rate for the Series 2012 Bond, which shall be zero percent (0%) per annum over the balance of the term.

A copy of the Resolution is available for examination by any interested person at the District's office during regular office hours of such office from 8:30 a.m. to 4:00 p.m., Monday through Friday.

The meeting will be held at the District's office located at 39 Gilmore Drive in Sandyville, West Virginia, on the 8th day of June, 2012, at 10:00 a.m. and any person or persons interested may appear before the Board and be heard as to whether or not the Resolution shall be put into effect. All suggestions, protests and objections to the issuance of the Series 2012 Bond will be heard by the Board.

Dated this 15th day of May, 2012

NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
Jackson County, West Virginia

Jerri G. Stephens,
Chairperson
John Lockhart, Secretary
5/24

11:16 AM MAR 01 2012 PSC EXEC SEC DIV

P.S.C. W. Va. No. 5
Canceling P.S.C. W. Va. No. 4

NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, a public utility

OF

SANDYVILLE, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

Silverton and vicinity, Jackson County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

09:37 AM JUL 25 2011 PSC EXEC SEC DIV

Issued July 19, 2011

Effective for all service rendered on and after July 12, 2011
or as otherwise provided herein

Issued by authority of an order of the
Public Service Commission of West Virginia
in Case No. 10-1656-PWD-19A final
July 12, 2011 or as otherwise provided herein

Issued by NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT,
a public utility

By Jane G Stephens
Chairperson
Title

RULES AND REGULATIONS

I. Rules and Regulations for the Government of Water Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

APPLICABILITY

Applicable within the entire territory served.

(C) AVAILABILITY

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

(C,I) RATES (Customers with metered water supply)

First	3,000 gallons used per month	$ 9.92 per 1,000 gal
Next	3,000 gallons used per month	$ 9.32 per 1,000 gal
Next	4,000 gallons used per month	$ 8.72 per 1,000 gal
Next	10,000 gallons used per month	$ 8.13 per 1,000 gal
Next	10,000 gallons used per month	$ 7.56 per 1,000 gal
All Over	30,000 gallons used per month	$ 6.91 per 1,000 gal

(C,I) MINIMUM CHARGE

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

5/8 inch meter	$ 29.77
3/4 inch meter	$ 44.65
1 inch meter	$ 74.42
1 - 1/4 inch meter	$ 108.66
1 - 1/2 inch meter	$ 148.85
2 inch meter	$ 238.16
3 inch meter	$ 476.32
4 inch meter	$ 744.25
6 inch meter	$1,488.49
8 inch meter	$2,381.59

(C) Indicates change in text
(I) Indicates increase

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

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

A tap fee of $350.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RECONNECTION FEE

$20.00

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

(I) PRIVATE FIRE PROTECTION SERVICE

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

3 inch Service Line with hydrants, sprinklers and/or hose connection	$ 5.71
4 inch Service Line with hydrants, sprinklers, and/or hose connection	$ 9.50
6 inch Service Line with hydrants, sprinklers, and/or hose connection	$19.00

(I) Indicates increase

(C) RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District not to exceed $25.00, will be imposed upon any customer whose check for payment of charges is returned by his or her bank due to insufficient funds.

(N) SECURITY DEPOSITS

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class or fifty dollars, whichever is greater. This fee may be changed by applicable statutory provisions.

(D,C) LEAK ADJUSTMENT INCREMENT

$1.78 per 1,000 gallons.

To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

(C) Indicates change in text
(N) Indicates new
(D) Indicates decrease

11:16 AM MAR 01 2012 PSC EXEC SEC DIV

SUPPLEMENT NO. 1 TO P.S.C. W. Va. No. 5

NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, a public utility

OF

SANDYVILLE, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

Silverton and vicinity, Jackson County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued February 22, 2012

Effective for all service rendered on and after the date the project has been certified as substantially complete or as otherwise provided herein

---

Issued by authority of an order of the
Public Service Commission of West Virginia
in Case No. 11-1356-PWD-CN final
February 15, 2012 or as otherwise provided herein

Issued by NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT,
a public utility

By Jane G. Stephens

chair
Title

RULES AND REGULATIONS

I. Rules and Regulations for the Government of Water Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

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

(C,I) RATES (Customers with metered water supply)

First	3,000 gallons used per month	$10.78 per 1,000 gallons
Next	3,000 gallons used per month	$ 10.12 per 1,000 gallons
Next	4,000 gallons used per month	$ 9.47 per 1,000 gallons
Next	10,000 gallons used per month	$ 8.83 per 1,000 gallons
Next	10,000 gallons used per month	$ 8.21 per 1,000 gallons
All Over	30,000 gallons used per month	$ 7.51 per 1,000 gallons

(I) MINIMUM CHARGE

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

5/8 inch meter	$ 32.34
3/4 inch meter	$ 48.51
1 inch meter	$ 80.85
1 - 1/4 inch meter	$ 118.04
1 - 1/2 inch meter	$ 161.70
2 inch meter	$ 258.72
3 inch meter	$ 517.44
4 inch meter	$ 808.50
6 inch meter	$1,617.00
8 inch meter	$2,587.20

(C) Indicates change in text
(I) Indicates increase

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 11-1356-PWD-CN final February 15, 2012 to become effective upon substantial completion of the project approved in the Order.

Supplement No. 1 will become effective when the project is certificated to be substantially complete.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

TAP FEE

The following charges are to be made whenever the utility installs a new tap to serve an applicant.

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

A tap fee of $350.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RECONNECTION FEE - $20.00

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

PRIVATE FIRE PROTECTION SERVICE

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

3 inch Service Line with hydrants, sprinklers and/or hose connection	$ 5.71
4 inch Service Line with hydrants, sprinklers, and/or hose connection	$ 9.50
6 inch Service Line with hydrants, sprinklers, and/or hose connection	$19.00

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(C) RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District, not to exceed $25.00, will be imposed upon any customer whose check for payment of charge is returned by their bank due to insufficient funds.

(C) SECURITY DEPOSITS

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class, or fifty dollars, whichever is greater. This fee may change by applicable statutory provisions.

(I) LEAK ADJUSTMENT INCREMENT

$1.79 per 1,000 gallons.

To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

(C) Indicates change in text
(I) indicates increase

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Supplement No. 1 will become effective when the project is certificated to be substantially complete.

COPY

GOODWIN

Goodwin & Goodwin, LLP
300 Summers Street
Suite 1500
Charleston, WV 25301-1678

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F (304) 344-9692

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July 13, 2012

Ms. Sara Boardman, Executive Director
West Virginia Municipal Bond Commission
1207 Quarrier Street, Suite 401
Charleston, WV 25301

Re: Northern Jackson County Public Service District
Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund)

Dear Ms. Boardman:

Enclosed please find the New Issue Report Form that has been prepared in connection with the above-referenced transaction and sent to you for filing in your office in regard to the same. Upon completion of the transcript, we will forward a bound copy to you for your reference. In the meantime, if you have any questions concerning this transaction, please feel free to contact me.

Sincerely yours,

Bill

William K. Bragg, Jr.

WKB/aks
Enclosure

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street, Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM
Date of Report: July 13, 2012

ISSUE: Northern Jackson County Public Service District
Water Revenue Bond, Series 2012 A
(West Virginia Infrastructure Fund)

ADDRESS: 39 Gilmore Drive
Sandyville, WV 25275 COUNTY: Jackson

PURPOSE: New Money X
OF ISSUE: Refunding X; Refunds issue dated: October 30, 2009

ISSUE DATE: July 24, 2012 CLOSING DATE: July 24, 2012
ISSUE AMOUNT: $1,910,000 RATE: 0%
1ST DEBT SERVICE DUE: June 1, 2014 FINAL MATURITY: June 1, 2052
1ST DEBT SERVICE AMT.: $12,484.00 PAYING AGENT: Municipal Bond Comm.

BOND COUNSEL: Goodwin & Goodwin, LLP
Contact Person: W.K. Bragg, Jr.
Phone (304) 346-7000

LENDER: West Virginia Water Develop. Authority
Contact Person: Chris Jarrett
Phone: (304) 558-3612

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Jerri G. Stephens
Position: Chairperson
Phone: (304) 273-9621

----------DEPOSITS TO MBC AT CLOSE: ----------

___ Accrued Interest: $ 0
___ Capitalized Interest: $ 0
By _X_ Wire ___ Reserve Account: $ 0
___ Check _X_ Other: Repayment of Series 2009 Note - $95,570.65

----------REFUNDS & TRANSFERS BY MBC AT CLOSE: ----------

___ To Escrow Trustee: $ N/A
By ___ Wire ___ To Issuer: $ N/A
___ Check ___ To Cons. Invest. Fund: $ N/A
___ IGT ___ Other: _____ $ _____

Notes: Reserve Fund to be funded over 10 year period

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS
REQUIRED: _____

TRANSFERS
REQUIRED: _____

$1,910,000
NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012
(WEST VIRGINIA INFRASTRUCTURE FUND)

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

WesBanco Bank, Inc., at its office located in Ravenswood, Jackson County, West Virginia, hereby accepts appointment as Depository Bank in connection with a Resolution of Northern Jackson County Public Service District (the "District") duly adopted by the Public Service Board of the District (the "Board") and effective on June 8, 2012, and supplemented by a Supplemental Resolution adopted by the Issuer on July 17, 2012 (collectively, the "Resolution"), authorizing issuance of Northern Jackson County Public Service District, Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund), dated July 24, 2012, in the aggregate principal amount of $1,910,000, and agrees to perform all duties of Depository Bank as set forth in the Resolution.

Witness my signature as of the 24th day of July, 2012.

WESBANCO BANK, INC.

By: Rayna S. O'Dell

Its: Assistant Vice President & BCM

$1,910,000
NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012
(WEST VIRGINIA INFRASTRUCTURE FUND)

ACCEPTANCE OF DUTIES OF REGISTRAR

WesBanco Bank, Inc., at its office located in Wheeling, Ohio County, West Virginia, hereby accepts appointment as Registrar in connection with a Resolution of Northern Jackson County Public Service District (the "District") duly adopted by the Public Service Board of the District (the "Board") and effective on June 8, 2012, and supplemented by a Supplemental Resolution adopted by the Issuer on July 17, 2012 (collectively, the "Resolution"), authorizing issuance of Northern Jackson County Public Service District, Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund), dated July 24, 2012, in the aggregate principal amount of $1,910,000, and agrees to perform all duties of Registrar as set forth in the Resolution.

Witness my signature as of the 24th day of July, 2012.

WESBANCO BANK, INC.

By: _____
Assistant Trust Officer

$1,910,000
NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012
(WEST VIRGINIA INFRASTRUCTURE FUND)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 24th day of July, 2012, by and between NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision duly created under the laws of the State of West Virginia (the "Issuer"), and WESBANCO BANK, INC., at its office located in Wheeling, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,910,000 aggregate principal amount of Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund), in fully registered form (the "Bond"), pursuant to a Bond Resolution adopted by the Issuer and effective on June 8, 2012, as amended by a Supplemental Resolution adopted by the District on July 17, 2012 (collectively, the "Resolution");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Resolution, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Resolution provides for the appointment by the Issuer of a Registrar for the Bond; and

WHEREAS, the Issuer desires to appoint, and by the Resolution and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Resolution and to take certain other actions hereinafter set forth.

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of the Registrar, all as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver the Bond upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bond from federal income taxation, 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, from time to time, reasonable compensation for services rendered and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement the provisions of the Resolution with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Resolution, the terms of the Resolution shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Resolution will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon sixty (60) days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Northern Jackson Co. Public Service District
Att'n.: Chair
1354 Gilmore Drive
Sandyville, WV 25275

REGISTRAR: WesBanco Bank, Inc.
Att'n.: Corporate Trust Department
1 Bank Plaza
Wheeling, WV 26003-3565

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bond in accordance with the Resolution and instructions provided by the Issuer and the Purchaser thereof.

IN WITNESS WHEREOF, NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT and WESBANCO BANK, INC. have caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day, month and year first above-written.

NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

By: _____
Chairperson

WESBANCO BANK, INC.

By: _____
Assistant Trust Officer

Exhibit A

(Bond Resolution)

$1,910,000
NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012
(WEST VIRGINIA INFRASTRUCTURE FUND)

CERTIFICATE OF REGISTRATION OF BOND

I, Stacey L. Dofka, as Assistant Trust Officer, of WesBanco Bank, Inc., as Registrar (the "Registrar"), under a Registrar's Agreement between the Registrar and the Northern Jackson County Public Service District (the "District") dated as of the date hereof, hereby certify that as of the 24th day of July, 2012, the Bond of the District in the principal amount of $1,910,000 designated "Northern Jackson County Public Service District, Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund)", and numbered R-1, dated as of the date hereof, was registered as to principal only in the name of "The West Virginia Water Development Authority", for the benefit of the West Virginia Infrastructure and Jobs Development Council, on the books of the Registrar kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature as of the 24th day of July, 2012.

WESBANCO BANK, INC., as Registrar

By: Stacey L. Dofka
Assistant Trust Officer

LIS N BOOK 0285 PAGE 434

$125,000
SILVERTON PUBLIC SERVICE DISTRICT
TAXABLE WATER REVENUE BOND
SERIES 1995

BOND RESOLUTION

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SILVERTON PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SERVICE PROPERTIES AND ISSUANCE OF SUBORDINATE TAXABLE WATER REVENUE BOND, SERIES 1995, OF THE SILVERTON PUBLIC SERVICE DISTRICT, IN THE AMOUNT OF $125,000, TO FINANCE THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS TO A PUBLIC WATER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING FOR INTERIM CONSTRUCTION FINANCING; PLACING LIMIT ON SALE OF SYSTEM; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDERS OF THE BOND; PROVIDING STATUTORY LIEN ON REVENUES AND SYSTEM; PROVIDING FOR THE ADOPTION, RATIFICATION, APPROVAL AND COLLECTION OF RATES AND CHARGES FOR THE PUBLIC WATER SYSTEM; AND PROVIDING GENERAL TERMS AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF SILVERTON PUBLIC SERVICE DISTRICT, JACKSON COUNTY, WEST VIRGINIA:

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, as amended (the "Act"), and other applicable provisions of law.

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

A. Silverton Public Service District (the "PSD" or "Issuer") is a public service district created pursuant to the Act by an order issued by The County Commission of Jackson County, located in Jackson County, West Virginia.

B. The Issuer now has a public water system and desires to improve and expand that system and 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 certain additions, betterments and improvements to the existing public water system of the Issuer known as the "System" (sometimes referred to herein as the "System") so as to improve the public health, comfort and convenience of residents of the Public Service District, including the construction and installation of all necessary appurtenant facilities consisting of a water distribution system to serve residents along Drift and McGraw Runs, in Ravenswood and Grant Magisterial Districts in Jackson County, West Virginia (the "Project"), and generally described as water line extensions, pumps, pumping stations, water plant improvements and necessary appurtenances particularly described in and according to the plans and specifications prepared by the Consulting Engineer for the Project and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The construction and acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. It is necessary for the Issuer to issue its revenue bond in the aggregate principal amount of $125,000 to finance a portion of the costs of such construction in the manner hereinafter provided.

D. The estimated maximum cost of the construction of the Project is $570,000, which will be obtained from the proceeds of sale of the Series 1995 Bond herein authorized and from grants to be made by RECD, as hereinafter defined, and by the Appalachian Regional Commission, in the amounts of $225,000 and $220,000, respectively. 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 any interest therein; interest on the Bond prior to, during and for six (6) 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 hereby.

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

F. There is currently outstanding an obligation of the Issuer with which the Bond will rank junior and subordinate as to lien and source of and security for payment known as Water Revenue Bond of the Issuer, dated September 30, 1975 (the "1974 Bond") issued in the original principal amount of $434,000 and secured under the terms of the 1974 Resolution (hereinafter defined).

With the exception of the 1974 Bond, there is no other outstanding bond or obligation of the Issuer which will rank prior to or on a parity with the Bond as to lien, pledge and/or source of and security for payment.

G. The Issuer is not in default under the terms of the 1974 Resolution or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid waiver thereof.

H. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Bond (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, the imposition of rates and charges, 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.

J. It is in the best interests of the Issuer that the Bond be sold to the United States Department of Agriculture, Rural Economic and Community Development, successor in interest to the Farmers Home Administration (the "Purchaser" or "RECD"), pursuant to the terms and provisions of a letter of conditions dated May 21, 1991, and all amendments thereto (the "Letter of Conditions").

K. The Issuer has also made arrangements for interim financing as requested by RECD and deems it to be in the best interests of the Issuer to enter into a Credit Agreement and execute a note or notes in the initial amount of $125,000 payable to any interim construction or financing lender which lender is initially Jackson County Bank.

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

"1995 Series Bond" means the $125,000 Taxable Water Revenue Bond authorized by this resolution.

"Bond" means the $125,000 Taxable Water Revenue Bond, Series 1995, authorized hereby to be issued.

"Bonds" means the Bond and the 1974 Series Bond.

"1974 Series Bond" means the outstanding Bond of the Issuer dated September 30, 1975, described in Section 1.02 F. herein.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Boyles & Hildreth, Spencer, 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.

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

"Depository Bank" means initially the Jackson County Bank, Ravenswood, West Virginia, a bank or trust company which is a member of FDIC and its successors and assigns or such other qualified bank or trust company designated now or hereafter by Issuer.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

"Herein" means in this Resolution.

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

"Issuer" or "Public Service District" means Silverton Public Service District, Jackson County, West Virginia, and, where appropriate, also means the Governing Body.

"Letter of Conditions" means the Letter of Conditions of the Farmers Home Administration, now known as RECD, successor in interest to the Farmers Home Administration, dated May 21, 1991, and any other amendments thereto.

"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 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, 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", "RECD, successor in interest to the Farmers Home Administration", "Rural Economic and Community Development, successor in interest to the Farmers Home Administration" or "Government" means United States of America, United States Department of Agriculture, Rural Economic and Community Development, successor in interest to the Farmers Home Administration, and any successor thereof.

"Qualified Investments" means and include 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 evidence 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 State Board of Investments 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" or "Bond Registrar" means the Issuer which usually shall act by its Secretary.

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

"1974 Resolution" means the resolution providing for the 1974 Bond, adopted September 30, 1975.

"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 principles.

"Secretary" means the Secretary of the Governing Body.

"System" means the Project initially, and all existing water facilities owned by the Issuer and all Facilities and other property of every nature, real or personal, now or hereafter acquired and/or owned, held or used in connection with the System, including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a public water system; and shall also include any and all additions, extensions, improvements, replacements, properties or other facilities at any time acquired or constructed for said water system after completion of the Project.

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

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations; words importing the masculine, feminine or neuter genders shall include any other gender; and any requirement for execution, sealing and/or attestation of the Bonds or any certificate or other document by the Secretary shall mean that such Bond certificate or other document may be executed, sealed and/or attested by an Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of $570,000 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 Bonds hereby authorized shall be applied as provided in Article V hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUANCE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bonds of the Issuer to be known as "Silverton Public Service District Water Revenue Bond, Series 1995" in the principal amount of $125,000, are hereby authorized to be issued for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

Section 3.02. Description of Bond. The Bond shall be issued as a single registered form, No. R-1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at a maximum rate of four and one half percent (4.50%) per annum or such lower rate that RECD, formerly FmHA, will make available at closing, and shall be sold for the par value thereof but in no event greater than four and one half (4.50%) per annum.

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

Section 3.03. 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, and the Chairman and the Secretary are hereby authorized to execute the Bond and such other documents as are necessary to finalize this transaction. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed have been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.04. Negotiability, Registration, Transfer and Exchange of Bond. The Bond shall be and have all the qualities and incidents of negotiable instruments 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 3.05 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. No interest in the Bond shall be transferable except by means of transfer of registration of a Bond representing such interest and delivery of a new Bond or Bonds in exchange therefor in accordance with this Bond Resolution.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

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

Section 3.05. Registrar. The Issuer shall be the Bond Registrar and will keep or cause to be kept by its agent 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 by its agent, on such books, the transfer of the Bonds 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 social security numbers of the settlor and beneficiaries of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law.

Section 3.06. Bond 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, her or its 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 3.07. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a lien, which is subordinate to the 1974 Bond, 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 3.08. 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 supplemental resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

$125,000
SILVERTON PUBLIC SERVICE DISTRICT
TAXABLE WATER REVENUE BOND,
SERIES 1995

No. R-1 Date: December 14, 1995

FOR VALUE RECEIVED, the SILVERTON PUBLIC SERVICE DISTRICT, a public service district created pursuant to the Act by an order issued by The County Commission of Jackson County in Jackson County of said State (herein called "Issuer"), hereby promises to pay to the order of the United States of America (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 Twenty-five Thousand and 00/100 Dollars ($125,000), plus interest on the unpaid principal balance at the rate of four and one half percent (4.50%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and $574.00 covering principal and interest, thereafter on said corresponding 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 Issuer as requested by Issuer and approved by the Government, and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto and made a part hereof.

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Issuer. Refunds and extra payments, as defined in the regulations of the Rural Economic and Community Development, successor in interest to 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 Issuer to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Issuer 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 Issuer 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 Issuer, 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 Issuer, 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 Issuer to the Government without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for 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 of improvements to a water system (the "System") of the Issuer, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System and the 1974 Series Bond. This Bond does not in any manner constitute an indebtedness of the Issuer 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 Issuer, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Bond Legislation, 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 Bond 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 (herein called the "Act").

If at any time it shall appear to the Government that Issuer may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Issuer will, at 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 Issuer made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act, as amended. This Bond shall be subject to the regulations of the Rural Economic Community Development, successor in interest to the Farmers Home Administration, and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS SUBORDINATE AS TO LIEN AND SOURCE OF PAYMENT WITH THE WATER REVENUE BOND, SERIES 1974, OF THE ISSUER DESCRIBED IN THE RESOLUTION ISSUED WITH RESPECT TO THE 1974 SERIES BOND.

The initial address of Government for purposes of bond registration is P.O. Box 678, Morgantown, WV 26505.

IN WITNESS WHEREOF, the SILVERTON PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

SILVERTON PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Chairman
Route 1, Box 176
Ravenswood, WV 26164

ATTEST:

By: _____
Secretary

(Form Of)

RECORD OF ADVANCES

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

TOTAL $ _____

(Form of Assignment)

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:

_____

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain costs of the Project pending receipt of the gross proceeds of the Bond, the Issuer may issue and sell its Note or Notes (the "Notes"), in an aggregate principal amount not to exceed $125,000. The Notes may be issued as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth herein or in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such date or dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the supplemental resolution.

Section 4.02. Terms of and Security for Notes. The Notes, if issued, shall be issued with such terms and secured in the manner set forth in a supplemental resolution.

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

Section 4.04. Execution of Documents. The Notes, Credit Agreement and any other documents required to be executed by the commercial bank or other lender shall be executed in the name of the Issuer by the Chairman, and the Chairman and Secretary are hereby authorized to execute the Notes, Credit Agreement or any other documents necessary to secure the interim financing.

ARTICLE V

REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established with (or continued if previously established by the 1974 Resolution) and shall be held by the Depository Bank, separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund (established by the 1974 Resolution and continued hereby;

(2) 1995 Project Construction Account;

(3) Reserve Fund (established by the 1974 Resolution and continued hereby);

(4) Replacement Fund (established by the 1974 Resolution and continued hereby); and

(5) Bond Fund (established by the 1974 Resolution and continued hereby).

Section 5.02. Bond Proceeds; 1995 Project Construction Account: All moneys received from the sale of the Bond shall be deposited on receipt by the Issuer in the Depository Bank, a member of Federal Deposit Insurance Corporation (FDIC), in a special account hereby now established and designated as "$125,000 Silverton Public Service District Water System Construction Account" (herein called the "1995 Project Construction Account"). The moneys in the 1995 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 1995 Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of the construction of the Project, the Issuer will transfer from the 1995 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 installment payments on the Bond if there are not sufficient Net Revenues to make such monthly payment

If the Issuer shall determine at any time that all funds on deposit in the 1995 Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing ninety (90) days, the Issuer may invest such excess funds in Qualified Investments.

Pending application as provided in this Section 5.02, money and funds in the 1995 Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

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 1995 Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 5.03. Covenants of the Issuer as to Revenues and Funds. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds 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" originally established under the 1974 Resolution and which is hereby continued hereunder with the Depository Bank. The Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

(B) Disposition of Revenues. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority subject to the provisions of Section 3.02 of the 1974 Resolution not otherwise modified herein:

(1) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Bonds, transfer from the Revenue Fund and remit to the holder of the 1974 Series Bond, as required, and to the National Finance Office designated in the Bond (or such other place as may be provided pursuant to the Bond), the amount required to pay the interest on the Bonds, and to amortize the principal of the Bonds over the respective lives of each Bond issue. All payments with respect to principal of and interest on the Bonds shall be made on a pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding with the 1974 Series Bond being senior in priority and the 1995 Series Bond being junior and subordinate. There is hereby continued the Bond Fund established by the 1974 Resolution at the Depository Bank into which the Issuer shall deposit sufficient amounts from the Revenue Fund to pay the interest on the Bonds and to amortize the principal of the Bonds over the remaining respective lives of each Bond issue. As long as the Government owns the Bond, such deposits can be replaced by the remittances described above.

(3) The Issuer shall next, on each date that payment is made as set forth in (2) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Reserve Fund, 1/12th of 1/10th of the amount, as of the date of calculation, equal to the maximum aggregate amount of principal and interest which will become due on the Bonds in any year until the amount in the Reserve Fund equals such maximum amount (the "Reserve Requirement"). After the Reserve Requirement 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 Reserve Requirement. 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 the holder of the 1974 Series Bond and to said National Finance Office (or other place provided) 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, with the 1974 Series Bond being paid prior to the 1995 Series Bond.

(4) The Issuer shall next, on each date that payment is made as set forth in (2) above, transfer from the Revenue Fund and deposit in the Replacement Fund, the moneys remaining in the Revenue Fund, and not permitted to be retained therein, until there has been accumulated in the Replacement Fund, the aggregate sum of $22,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Replacement Fund shall be used first to make up any deficiencies for monthly payments of principal of and interest on the 1974 Series Bond as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom other than pursuant to Section 3.02 of the 1974 Resolution. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Replacement Fund may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, moneys remaining therein and not permitted to be retained therein, if any ("Surplus Revenues"), may be used to prepay installments of the Bonds, with any such prepayment being applied first to prepayment of the 1974 Series Bond, or for any lawful purpose.

Whenever the money in the Reserve Fund shall be sufficient to prepay the 1974 Series Bond and then the 1995 Series Bond 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 Depository Bank is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Replacement Fund, herein provided, and all amounts required for the Reserve Fund and the Replacement Fund 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.

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.

Subject to the 1974 Resolution, the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Fund and the Replacement Fund invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Resolution shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board of Investments. 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account.

(C) Change of Depository Agent and Fiscal Agent. The Issuer may designate another bank or trust company insured by FDIC as Fiscal Agent and Depository Bank if the aforesaid Bank should cease for any reason to serve or if the Governing Body determines by ordinance that said Bank or its successor should no longer serve as Fiscal Agent or Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

(D) User Contracts. The Issuer shall, prior to delivery of the Bonds, provide evidence that there will be 45 bona fide users of the proposed System when the extension of the System is completed and placed in operation, and must obtain user agreements and the user contribution from each new user and deposit in the 1995 Project Construction Account all such new user contributions collected.

(E) Charges and Fees. The Issuer shall remit from the Revenue Fund to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

(F) Investment of Excess Balances. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, in a lawful manner for securing deposits of state and municipal funds under the laws of the State.

(G) Remittances. All remittances made by the Issuer to the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

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

ARTICLE VI

GENERAL COVENANTS

Section 6.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Section 6.02. 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 one hundred ten percent (110%) percent of the annual debt service on the Bond and to make the payments required herein into the Reserve Fund 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 6.03. Sale of the System. The System will not be sold without the prior written consent of the holder of the 1974 Series Bond and the Purchaser so long as the Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 6.04. Issuance of Additional Bonds or Obligations. No additional bonds or obligations payable out of the revenues of the System or any part thereof shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser and the then holder of or Trustee or agent for the holder of the Bonds.

Section 6.05. Insurance and Bond. 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) Real Property Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System in an amount equal to the 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 Bonds.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily

injury and/or death; and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workers' Compensation Coverage for all Employees of the Town Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of one hundred percent (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 Silverton prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation insurance will 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 every officer and employee of the PSD having custody of the Revenue Fund or of any revenues or other funds of the System in an amount at least equal to the total annual debt service requirements for all outstanding RECD, formerly FmHA, loans.

(f) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer.

(g) 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 6.06. 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 delivery of the Bond.

Section 6.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment at the date specified for payment thereof and/or;

(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 or of this Bond Resolution.

Section 6.08. 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 and shall have all rights prescribed by the Act, W.Va. Code and other applicable law, subject to the superior enforcement rights of the holder of the 1974 Series Bond.

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 6.09. 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 (30) days prior to the beginning of each fiscal year, the Issuer agrees to adopt an 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 an 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 an 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 percent (10%); 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 6.10. 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 6.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 6.12. 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 further covenants to comply with the Act with respect to such books, records and accounts.

Section 6.13. 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 6.14. No Competition. To the extent legally allowable, 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.

ARTICLE VII

RATES, RULES, COVENANTS, ETC.

Section 7.01. Initial Schedule of Rates and Charges.

A. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth on an Order of the Public Service Commission dated May 5, 1995, in Case Number 95-0183-PWD-T, which order is incorporated herein by reference and is made a part hereof.

B. The Issuer hereby adopts, modifies, reenacts and ratifies to the extent necessary the rates and charges as set out in the above-referenced order and included on a tariff sheet filed with the Public Service Commission which rates and conditions are as follows:

APPLICABILITY
Applicable in entire territory served.

AVAILABILITY OF SERVICE
Available for general domestic, commercial and industrial use.

RATES

First	3,000 gallons per month	$4.19 per 1,000 gal.
Next	3,000 gallons per month	3.91 per 1,000 gal.
Next	4,000 gallons per month	3.62 per 1,000 gal.
Next	10,000 gallons per month	3.34 per 1,000 gal.
Next	10,000 gallons per month	3.06 per 1,000 gal.
All Over	30,000 gallons per month	2.77 per 1,000 gal.

MINIMUM CHARGE

5/8 X 3/4 inch meter or less	$ 12.57 per month
3/4 inch meter	18.25 per month
1 inch meter	31.42 per month
1-1/4 inch meter	45.87 per month
1-1/2 inch meter	62.84 per month
2 inch meter	100.54 per month
3 inch meter	188.51 per month
4 inch meter	314.19 per month
6 inch meter	628.38 per month

DELAYED PAYMENT PENALTY

All water bills are payable when rendered. On all accounts not paid in full within twenty (20) days of the billing date, ten percent (10%) penalty shall be added to the net amount shown.

CONNECTION FEES

$250.00 per tap.

RECONNECTION CHARGE
After disconnection of water service, a fee of fifteen dollars ($15.00) shall be charged for reconnection services.

PRIVATE FIRE PROTECTION

Based on water line size installed, the following rates will be charged for private fire protection:

3-inch line	$4.50 monthly
4-inch line	7.50 monthly
6-inch line	15.00 monthly

Section 7.02. Further Covenants.

The Issuer hereby further covenants and agrees as follows:

A. There shall not be any discrimination or differential in rates between customers in similar circumstances.

B. 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.

C. 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.

D. 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 are provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

E. 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.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Defeasance of Bond. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Resolution, then with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Resolution and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 8.02. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the Issuer shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such Financing Statements in the offices of the

Secretary of State of West Virginia and of the Clerk of the County Commission of Jackson County.

Section 8.03. Delivery of Bond. The Chairman and Secretary of the Governing Body are hereby authorized and directed to cause the Series 1995 Bond, numbered 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 8.04. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bonds.

Section 8.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 8.06. 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 8.07. Modification or Amendment. The Bond Resolution may not be modified or amended in any material manner after final passage without the prior written consent of the Purchaser and/or holder of the Bond.

Section 8.08. 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 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 8.09. Supplemental Resolutions. The Issuer may pass such supplemental resolutions, if necessary, to effectuate the purposes and intent of this Resolution.

Section 8.10. Effective Time. This Resolution shall take effect immediately upon its adoption.

Section 8.11 Notice of Meeting and Bond Issue. An abstract of this Bond Resolution determined by the Governing Body to contain sufficient information as to give notice of the contents hereof has been published once in a qualified newspaper published in Jackson County and having a general circulation in the Silverton Public Service District, together with a notice stating that this Bond Resolution will be considered and that the Issuer contemplates the issuance of the Bond, and that any person interested may appear before the Public Service Board upon a date certain and present protests, and that a certified copy of the Resolution is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such meeting, all objections and suggestions shall be heard, and the Governing Body shall take such action as it shall deem proper in the premises.

BOOK 0285 PAGE 456

Passage of Resolution
Following Meeting - December 14, 1995.

SILVERTON PUBLIC SERVICE DISTRICT

By: Frank O Murrey
Chairman

[SEAL]
Attest:

By: Selden Angus
Secretary

CERTIFICATION

I, Seldon Angus, Secretary of the Silverton Public Service District, hereby certify that the foregoing is a true and correct copy of an Resolution approved at a meeting of the Public Service Board of the Silverton Public Service District held on December 14, 1995. I further hereby certify that the action of said Public Service Board set forth therein remains in full force and effect and has not been amended or repealed.

WITNESS my signature on this 14th day of December 1995.

Seldon Angus
Secretary

STATE OF WEST VIRGINIA,

COUNTY OF JACKSON, to-wit:

The foregoing instrument was acknowledged before me this 14th day of December, 1995, by Frank A. Murrey, the Chairman of the Silverton Public Service District, a public service district created pursuant to the Act by an order issued by The County Commission of Jackson County, West Virginia, on behalf of said public service district.

My commission expires June 18, 1999.

Betty Finley
NOTARY PUBLIC

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BETTY FINLEY
Route 1, Box 176
Ravenswood, WV 26164
My Commission Expires June 18, 1999

STATE OF WEST VIRGINIA,
JACKSON COUNTY COMMISSION CLERK'S OFFICE, Dec 14 19 95 2:41 P M. FB No. 1599
The foregoing Instrument together with the certificate thereto annexed was this day admitted to record in said office.

Teste: Jeff Waybright, Clerk
By: Shirley Hunt Deputy

Spencer Business Forms Co., Inc. - Spencer/Ripley, WV

SILVERTON PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1999

BOND RESOLUTION

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RESOLUTION OF SILVERTON PUBLIC SERVICE DISTRICT

"RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SERVICE PROPERTIES AND ISSUANCE OF WATER REVENUE BOND, SERIES 1999, OF THE SILVERTON PUBLIC SERVICE DISTRICT, IN THE AMOUNT OF $710,000, TO FINANCE A PORTION OF THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS TO A PUBLIC WATER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING FOR INTERIM CONSTRUCTION FINANCING; PLACING LIMIT ON SALE OF SYSTEM; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDERS OF THE BOND; PROVIDING STATUTORY LIEN ON REVENUES AND SYSTEM; PROVIDING FOR THE ADOPTION, RATIFICATION, APPROVAL AND COLLECTION OF RATES AND CHARGES FOR THE PUBLIC WATER SYSTEM; AND PROVIDING GENERAL TERMS AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT"

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF SILVERTON PUBLIC SERVICE DISTRICT, SILVERTON, WEST VIRGINIA:

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 Code of West Virginia of 1931, as amended (the "Act") and other applicable provisions of law.

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

A. Silverton Public Service District (the "Issuer") is a public service district created pursuant to the Act by an order issued by The County Commission of Jackson County, located in Jackson County, West Virginia.

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 construction of approximately 68,500 linear feet of waterline, two booster stations, two water storage tanks and other necessary appurtenances for a complete functional system, as more particularly described in and according to the plans and specifications prepared by the Consulting

Engineer (the "Plans") and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The construction and acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. It is necessary for the Issuer to issue its revenue bonds in the aggregate principal amount of $710,000 to finance a portion of the cost of such construction in the manner hereinafter provided.

D. The estimated maximum cost of the construction of the Project is $1,830,000, of which $710,000 will be obtained from the proceeds of sale of the Series 1999 Bond herein authorized, $400,000 from a RUS Grant, $50,000 from an RUS Sub-Grant, and $670,000 from an Appalachian Regional Commission (ARC) Grant.

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 hereby.

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

G. There are no other outstanding bonds or obligations of the Issuer which will rank prior to or on a parity with the Bond as to lien, pledge and/or source of and security for payment except for the Issuer's Water Distribution System Revenue Bond, Series 1975. The 1975 bond will be on a parity as to lien, pledge and source of and security for payment with the Bond. The 1995 bond will not be in a parity position to the 1999 and 1975 bonds.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, the imposition of rates and charges, 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, in Case No. 98-1102-PWD-CN.

I. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Bond (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

J. It is in the best interests of the Issuer that the Bond be sold to the United States Department of Agriculture, Rural Utilities Service, successor in interest to the Farmers Home Administration (the "Purchaser" or "RUS"), pursuant to the terms and provisions of a Letter of

Conditions dated February 3, 1998, as amended June 10, 1999, and all amendments thereto (the "Letter of Conditions").

K. The Issuer has also made arrangements for interim financing. It deems that it may be in the best interests of the Issuer to enter into a Credit Agreement and execute a note or notes in the initial amounts not to exceed $710,000.

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

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.

"ARC" means Appalachian Regional Commission.

"1974 Bond" or "1975 Bond" means the $434,000 Water Revenue Bond authorized by the September 30, 1975 Resolution. This Resolution also states series 1974 Water Revenue Bond; however, it was not issued or the Resolution passed until September 30, 1975.

"1995 Bond" means the outstanding $125,000 Water Revenue Bond authorized by resolution dated December 14, 1995.

"1999 Bond" means the $710,000 Water Revenue Bond authorized by this resolution.

"Bond" or "Bonds" means the $710,000 Water Revenue Bond, Series 1999, authorized hereby to be issued.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Boyles and Hildreth Consulting Engineers, Spencer, 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.

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

"Depository Bank" means initially the Jackson County Bank, Ravenswood, West Virginia, a state banking corporation and a member of FDIC, and its successors and assigns or such other qualified bank or trust company designated now or hereafter by Issuer.

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

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

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

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

"Herein" means in this Resolution.

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

"Issuer" means Silverton Public Service District, Silverton, West Virginia, and, where appropriate, also means 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 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.

"Prior Resolutions" shall mean the 1975 and 1995 Resolutions.

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

"Purchaser" or "Government" means the United States of America, United States Department of Agriculture, acting through Rural Utilities Service, formerly known as the Farmers Home Administration, and any successor thereof.

"Qualified Investments" means and include 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 evidence 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 State Board of Investments 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" or "Bond Registrar" means the Issuer which usually shall act by its Secretary.

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

"1975 Resolution" means the Resolution of the Issuer dated September 30, 1975 providing for the issuance of the outstanding $434,000 Water Revenue Bond now held by the Community Program Loan Trust 1987 A (the "Trust"). GMAC Commercial Mortgage Corporation is master servicer on behalf of the Trust. This same Resolution has been referred at times in prior resolutions as the 1974 Resolution.

"1995 Resolution" means the Resolution of the Issuer dated December 14, 1995 providing for the issuance of the $125,000 Series 1995 Water Revenue Bond.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by 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 generally accepted accounting principles.

"Rural Utilities Service" or "RUS" shall mean United States of America, United States Department of Agriculture, Rural Utilities Service, formerly known as the Farmers Home Administration, with a state mailing address of Federal Building, Room 320, 75 High Street, Morgantown, West Virginia 26505-7500, or such other address as the Purchaser designates to Issuer.

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

"State" means the State of West Virginia.

"System" means the Project initially, and includes the complete water system of the Issuer, and all water 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 Issuer's water system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for said water system after completion of the Project.

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

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations; words importing the masculine, feminine or neuter genders shall include any other gender; and any requirement for execution, sealing and/or attestation of the Bond or any certificate or other document by the Secretary shall mean that such Bond, certificate or other document may be executed, sealed and/or attested by an Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of $1,830,000 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 Bonds hereby authorized shall be applied as provided in Article V hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUANCE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer to be known as "Silverton Water Revenue Bond, Series 1999" in the principal amount of $710,000 is hereby authorized to be issued for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single registered form No. R-l, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of four and 75/100 percent (4.75%) per annum or such lower rate that the Purchaser will make available at closing, 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.

The initial address of the Purchaser for purposes of bond registration is Federal Building, Room 320, 75 High Street, Morgantown, West Virginia 26505-7500.

Section 3.03. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary, and the Chairman and the Secretary are hereby authorized to execute the Bond and such other documents as are necessary to finalize this transaction. 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, and the Chairman and the Secretary are hereby authorized to execute the Bond and such other documents as are necessary to finalize this transaction. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed have been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office.

Section 3.04. Negotiability, Registration, Transfer and Exchange of Bond. The Bond shall be and have all the qualities and incidents of negotiable instruments 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 3.05 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. No interest in the Bond shall be transferable except by means of transfer of registration of a Bond representing such interest and delivery of a new Bond or Bonds in exchange thereof in accordance with this Resolution.

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 Bondholder 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 3.05. Registrar. The Issuer 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 by its agent, 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 social security numbers of the settlor and beneficiaries of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law.

Section 3.06. Bond 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, the Issuer may pay the same without surrender thereof.

Section 3.07. Bond Secured by Pledge of and Lien on Revenues. The payment of the debt service of the Bond shall be secured forthwith by a parity lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The 1999 Bond will be on a parity with the Issuer's Water Revenue Bond, Series 1975 and the Water Revenue

Bond, Series 1995. These bonds are collectively, the "Prior Bonds". The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond and the 1975 and 1995 Bonds, 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. The 1995 Bond is not a parity with the 1975 Bond.

Section 3.08. 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)

$710,000
SILVERTON PUBLIC SERVICE DISTRICT
WATER REVENUE BOND,
SERIES 1999

No. R-1 Date: June 24, 1999

FOR VALUE RECEIVED, SILVERTON PUBLIC SERVICE DISTRICT, a public service district (herein called "Borrower") created pursuant to the Act by an order issued by The County Commission of Jackson County, West Virginia promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at the Government's National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Seven Hundred Ten Thousand Dollars ($710,000), plus interest on the unpaid principal balance at the rate of four and 75/100 percent (4.75%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month, for the first twenty-four (24) months after the date hereof, and $3,373.00 per month covering principal and interest thereafter on said corresponding 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 herein. 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 Record of Advances attached hereto and made a part hereof.

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of Rural Utilities Service, successor in interest to 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 of improvements to a Water 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 Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Bond Legislation, 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 Bond 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 Code of West Virginia, as amended (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 Rural Utilities Service, successor in interest to the Farmers Home Administration, and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND SHALL BE ON A PARITY AS TO LIEN ON AND SOURCE OF PAYMENT WITH THE ISSUER'S WATER DISTRIBUTION SYSTEM REVENUE BONDS, SERIES 1975 AND 1995 BOND. THE 1995 BOND IS NOT ON A PARITY WITH THE 1975 BOND.

In the event of a default under this Note and prior to the Holder of this Bond taking any action to foreclose any security interest or lien securing this Bond, the Holder of this Bond will provide, so long as any of the 1975 Bond remains outstanding, written notification to The Community Program Loan Trust 1987A (the current holder of the 1975 water revenue bond) c/o GMAC Commercial Mortgage Corporation (GMAC), 650 Dresher Road, P.O. Box 1015, Horsham, Pennsylvania 19044 or any other address that GMAC provides. This notice shall contain a description of the event of default and of the action intended to be taken as a result of the default.

The address of Government for purposes of bond registration is Federal Building, Room 320, 75 High Street, Morgantown, West Virginia 26505-7500.

This Bond will be in default should any proceeds 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, as set forth in Exhibit M of subpart G of Part 1940 of Title 7 of the Code of Federal Regulations, as amended.

IN WITNESS WHEREOF, the SILVERTON PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

SILVERTON PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Chairman
Route 1, Box 176
Ravenswood, WV 26164

ATTEST

By: _____
Secretary

RECORD OF ADVANCES

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

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

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

DATED: _____.

_____

In the presence of:

_____

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain costs of the Project pending receipt of the gross proceeds of the Bond, the Issuer may issue and sell its Note or Notes (the "Notes"), in an aggregate principal amount not to exceed $710,000. The Notes may be issued as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such date or dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the supplemental resolution.

Section 4.02. Terms of and Security for Notes. The Notes, if issued, shall be issued with such terms and secured in the manner set forth in a supplemental resolution.

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

Section 4.04. Execution of Documents. The Notes, Credit Agreement and any other documents required to be executed by the commercial bank or other lender shall be executed in the name of the Issuer by the Chairman, and the Chairman and Secretary are hereby authorized to execute any Note, Notes, Credit Agreement or any other documents necessary to secure the interim financing.

ARTICLE V

REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are continued and/or created with and shall be held by the Depository Bank, separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Project Construction Account.

(2) Revenue Fund (Established by the 1975 Resolution and continued herein).

(3) 1999 Debt Service and Reserve Fund as established in Resolution.

(4) Replacement Fund (Established by the 1975 Resolution and continued herein).

(5) Sinking Fund.

(6) Depreciation Fund.

Section 5.02. Bond Proceeds; 1999 Project Construction Account. All moneys received from the sale of the Bond shall be deposited upon receipt by the Issuer in the Depository Bank, a member of the Federal Deposit Insurance Corporation (the "FDIC"), in a special account hereby now established and designated as "$710,000 Silverton Public Service District Water System 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 State law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of the 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 installment payments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

If the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing ninety (90) days, the Issuer may invest such excess funds in Qualified Investments.

Pending application as provided in this Section 5.02. money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

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 5.03. Covenants of the Issuer as to System 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 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 which is a member of the FDIC, which Fund, known as the "Revenue Fund" as previously established with the Depository Bank by the prior Resolution. The Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

(B) DISPOSITION OF REVENUES. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority subject to the provisions of the prior Resolutions not otherwise modified herein:

(i) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(ii) Next from the moneys in the Revenue Fund, the Issuer shall make the payments required by the Prior Resolutions on account of interest with respect to all Prior Bonds then Outstanding and, commencing on the day which is thirty days following the date on which the 1999 Bond was issued and continuing on the corresponding day of each month, shall simultaneously apportion and set apart out of the Revenue Fund and remit to the respective office and place designated by the 1999 Bonds (herein called the "Series 1999 Sinking Fund" the monthly payments of interest set forth in this Resolution or such lesser amounts as are required to pay the interest on the Bonds as evidenced by the respective records of Advances and Payments attached to the Bonds as set forth in the Bond forms in Section 3.08.

(iii) Next from the moneys in the Revenue Fund, the Issuer shall make the payments required by the Prior Resolutions on account of principle with respect to all Prior Bonds then Outstanding and, commencing on the day which is twenty-four months following the date on which the 1999 Bond was issued and continuing on the corresponding day of each month, shall simultaneously apportion and set apart from the Revenue Fund and remit to the Sinking Fund the monthly payments of principal set forth in this Resolution or such lesser amounts as are evidenced by the respective Records of Advances and Payments attached to the Bonds as set forth in the Bond forms in Section 3.08, such amount or amounts being the amount required to amortize the principal of the Bond over the life of the Bond.

The deposits to the Sinking Funds provided in this paragraph and in (ii), above, constitute actual payments of principal and interest on the Bonds issued to the Government. The amounts required for principal and interest payments on the Bond issued hereunder other than to the Government shall be deposited in a sinking fund created by a Supplemental Resolution. As long as the Government is the owner of the Bonds, the payment of the principal and interest shall be made to the Government at the place designated in writing by the Government.

(iv) The Issuer shall next make, from the Revenue Fund, the transfers required by the respective Prior Resolutions on account of any debt service reserve accounts established with

respect to any Prior Bond then Outstanding and simultaneously shall deposit in the series 1999 Debt Service Reserve Account at the Commission or at the Depository Bank (the "Debt Service Reserve Account"), beginning with and including the month in which payments from the Revenue Fund for interest on the Bond is commenced, in respective amounts equal to ½ of 1/12th of 1/10th of the amounts, as of the date of calculation, equal to the maximum aggregate amount of principal and interest which will become due on the Bond in any year (the "Reserve Requirement"), until the respective amounts in the Debt Service Reserve Account equal the Reserve Requirement. In the event additional monies shall be required to maintain a Reserve Requirement in the Debt Service Reserve Account, payment of monies to the Depreciation Fund as provided below shall not be made and such payments shall be made to the Debt Service Reserve Account until the respective Reserve Requirement is contained therein, at which time payments to the Depreciation Fund shall resume.

No further payments shall be made into the Debt Service Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, amounts equal to the Reserve Requirements. Moneys in the Debt Service Reserve Account shall be used only for the purpose of payment of principal of or interest on the applicable Bond when moneys in the Revenue Fund.

Any withdrawals from the Debt Service Reserve Account which result in a reduction in the balance of the debt Service Reserve Account to below the respective Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Sinking Funds and Debt Service Reserve Account for the Bond and the Prior Bonds, including any deficiencies for prior payments, have been made in full.

(v) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next make the transfers required by the Prior Resolutions on account of the depreciation account or accounts established and continued in the Prior Resolutions until each such account is fully funded, and shall, commencing with the month succeeding the first full calendar month after commencement of operation of the Project, remit to the Depository Bank for the deposit in the special account hereby (the "Depreciation Fund") amounts equal to ½ of 1/12th of 1/10th of the amounts of the Reserve Requirement, provided, that after the Reserve Requirements have been accumulated in the Debt Service Reserve Accounts, the Issuer shall also transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Fund an additional ½ of 1/12th of 1/10th of the respective Reserve Requirements. Moneys in the Depreciation Fund shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Prior Bonds and the Bond as the same become due, and next to restore to the reserve accounts established on account of the Prior Bond and the Bond any sum or sums transferred therefrom, on a pro rata basis. Thereafter and provided that payments into the aforementioned Reserve Accounts are current and in accordance with the foregoing provisions, monies in the Depreciation Fund for the Bonds may be withdrawn by improvements for the System, or any part therefor. All funds in said Depreciation Fund shall be kept apart from all other funds of the Issuer, and all or any part of said fund may be invested.

(vi) If all of the above required payments are then current, the Issuer may use any moneys remaining in the Revenue Fund for the following purposes: (a) for prepayment of the amount, or any part thereof, of the Prior Bonds and/or Bonds outstanding in accordance with the

terms thereof, (b) additions, betterments or replacements to the System which the Consulting Engineers certify are needed and/or payments of principal and interest on subordinate waterworks revenue bonds or other obligations which may hereafter be issued by the Issuer.

No further payments shall be made into the respective Reserve Accounts when there shall have been deposited therein, and as long as there shall remain on deposit therein, amounts equal to the Reserve Requirements. Moneys at the respective Reserve Accounts shall be used only for the purpose of payment of maturing principal of or interest on the Bonds when moneys in the Revenue Fund or, in the case of bonds other than the Bonds originally authorized hereby, the funds in a sinking fund are insufficient therefor and for no other purposes.

Any withdrawals from the respective Reserve Accounts which result in a reduction in the balance of the respective Reserve Accounts to below the respective Reserve Requirements shall be subsequently restored from the first Net Revenues available after all required payment to the Sinking Fund and Reserve Accounts, including any deficiencies for prior payments, have been made in full.

As and when Additional Bonds ranking on a parity with the Bond is issued, provision shall be made by Supplemental Resolution for additional payments sufficient to pay the interest on such Additional Bonds and to accomplish retirement thereof at or before maturity and to accumulate a balance in a reserve account established or continued for such Additional Bonds in an amount equal to the maximum provided and required to be paid in principal and interest in any succeeding year for account of all the Bonds.

After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not required to be retained therein may be used to prepay installments of the Bonds or for any lawful purposes.

Whenever the moneys in the respective Reserve Accounts 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 Depository Bank (and any successor appointed by the Issuer) is hereby designated as the Fiscal Agent for the administration of the Reserve and Depreciation Funds 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.

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 Depository 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 State law.

The Depository Bank shall keep the moneys in the Reserve Fund invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Resolution shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board of Investments. 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account.

(C) CHANGE OF DEPOSITORY BANK. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the aforesaid Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that said Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

(D) USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, provide evidence that there is at least eighty (80) new bona fide user of the System, and have obtain user agreements and the user contributions, if any, from each new user and deposit in the 1999 Project Construction Account all such user contributions collected.

(E) CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

(F) REMITTANCES. All remittances made by the Issuer to the Depository Bank shall identify clearly the fund or account into which each amount is to be deposited.

(G) GROSS REVENUES. The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE VI

GENERAL COVENANTS

Section 6.01. General Statement. So long as any of the 1975, 1995 and 1999 Bonds 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 all 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 6.02. 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 one hundred ten percent (110%) of the annual debt service on the Bonds and to make the payments required herein into the Reserve Fund 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 6.03. Sale of the System. The System may not be sold without the prior written consent of the holders of 1975, 1995, and 1999 Bond owners so long as the Bond is outstanding. The consent of the holders of the 1975, 1995, and 1999 Bond holders is not required when those bonds have been paid off and/or refunded. Such consent will provide for disposition of the proceeds of any such sale.

Section 6.04. Issuance of Parity Bonds. No parity bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser or the then holder of or Trustee or agent for the holder of the Bond and in accordance with the 1975 and 1995 Bond Resolutions.

Section 6.05. Insurance and Bond. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(A) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

(C) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to

property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(D) Workers' Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of Jackson County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' Compensation coverage shall be maintained as required by the laws of the State.

(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 Issuer in an amount at least equal to the total annual debt service requirement for all outstanding loans made and bonds held by the Purchaser.

(F) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer.

(G) 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 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 6.06. Statutory Mortgage. For the further protection of the holders of the Bond, a statutory mortgage lien upon the System and Revenues is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Bond. This lien will be in a parity basis with the 1975 Bond.

Section 6.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment at the date specified for payment thereof and/or;

(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 or of this Resolution or prior bond resolutions.

Section 6.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser shall have all rights under the Act and 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 and shall have all rights prescribed by the Act, State Code and other applicable law.

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 6.09. 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 (30) days prior to the beginning of each fiscal year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each fiscal year.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the preceding year by more than ten percent (10%); 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 shall be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 6.10. 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 6.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 6.12. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer further covenants to comply with the Act with respect to such books, records and accounts.

Section 6.13. 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 6.14. 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 6.15. Tax Covenants as to Tax Exempt Status of Bonds.

1. The Issuer covenants that (a) it shall not permit or cause to be done any act or thing which would result in the loss of exemption from tax of interest on the Bond under Section 103(a) of the Internal Revenue Code of 1986, as amended, and all Regulations promulgated thereunder (the "Code"), or under any successor or similar provision of the Code hereinafter enacted and applicable to the Bond; (b) it shall not invest or otherwise use or permit or cause to be invested or used, any of the proceeds of the Bond, or moneys deemed to be proceeds of the Bond under the Code, directly or indirectly, in any manner which would result in such Bond being classified as an "arbitrage bond" within the meaning of Section 148 of the Code or regulations thereunder, and shall comply with the requirements of such Section; and (c) no part of the proceeds of the Bond or any funds held under the Resolution shall at any time be used directly or indirectly for any purpose which would cause the Bond to be subject to treatment as a "private activity bond" under the Code and to that end the Issuer will comply with the applicable law as long as the Bond is outstanding.

2. 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 ten percent (10%) of the Net Proceeds of the Bond are used for private business use if, in addition, the payment of more than ten percent (10%) of the principal or ten percent (10%) of the interest due on the Bond during the term thereof is, under the terms of the Bond 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 payment in respect of property used or to be used for a private business use 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, and (ii) and that, in the event that both (A) in excess of five percent (5%) of the Net Proceeds of the Bond are used for a private business use, and (B) an amount in excess of five percent (5%) of the interest due on the Bond during the term thereof is, under the terms of the Bond 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 five percent (5%) of Net Proceeds of the 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 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 that portion of the Project to which such private business use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of five percent (5%) of the Net Proceeds of the Bond 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 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bond 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 those deemed necessary by the Holder) so that the interest on the Bond will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those determined by the Holder) which would adversely affect such exclusion.

ARTICLE VII

RATES, ETC.

Section 7.01. Initial Schedule of Rates and Charges.

A. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the Recommended Decision of the Public Service Commission dated March 25, 1999, in Case Number 98-1102-PWD-CN which Decision and Final Order became final April 14, 1999 and amended in June, 1999 and are incorporated herein by reference and are made a part hereof.

B. The Issuer hereby modifies, approves and enacts to the extent necessary the rates and charges as set out in the above-referenced order and to be included on a tariff sheet to be filed with the Public Service Commission which rates and conditions are as follows:

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES

First	3,000 gallons used per month $5.68 per 1,000 gallons
Next	3,000 gallons used per month $5.30 per 1,000 gallons
Next	4,000 gallons used per month $4.91 per 1,000 gallons
Next	10,000 gallons used per month $4.53 per 1,000 gallons
Next	10,000 gallons used per month $4.16 per 1,000 gallons
All over 30,000 gallons used per month $3.75 per 1,000 gallons	

MINIMUM CHARGE

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

5/8"x3/4"	$ 17.04/month
3/4"	25.56/month
1"	42.60/month
1 1/4"	62.20/month
1 1/2"	85.20/month
2"	136.32/month
3"	255.60/month
4"	426.00/month
6"	852.00/month
8"	1,363.20/month

DELAYED PAYMENT PENALTY

All water bills are payable when rendered. On all accounts not paid in full within twenty (20) days of the billing date, ten percent (10%) penalty shall be added to the net amount shown.

CONNECTION CHARGE

$250.00 per tap

RECONNECTION CHARGE

After disconnection of water service, a fee of twenty dollars ($20.00) shall be charged for reconnection.

PRIVATE FIRE PROTECTION

Based on water line size installed, the following rates will be charged for private fire protection:

3"	$ 5.25/month
4"	$ 8.75/month

6" $17.50/month

RETURNED CHECK CHARGE

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

INCREMENTAL COST OF WATER PRODUCED

$1.01 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.

Section 7.02. Further Covenants.

The Issuer hereby further covenants and agrees as follows:

A. There shall not be any discrimination or differential in rates between customers in similar circumstances.

B. 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.

C. 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 payments at the same time of a sewer bill owed by such customer for the same premises.

D. 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 are provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

E. 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.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Defeasance of Bond. If the Issuer shall pay or there shall otherwise be paid, to the Purchaser, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Resolution, and all covenants, agreements and other obligations of the Issuer to the Purchaser, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 8.02. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the Issuer shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such a Financing Statements in the offices of the Secretary of State of West Virginia and of the Clerk of the County Commission of Jackson County.

Section 8.03. Delivery of Bond. The Chairman and Secretary of the Governing Body are hereby authorized and directed to cause the Series 1999 Bond, numbered R-l, 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 8.04. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of State law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 8.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution.

Section 8.06. 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 8.07. Modification or Amendment. This Resolution may not be modified or amended in any material manner after final passage without the prior written consent of the Purchaser and/or holder of the Bond.

Section 8.08. 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 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 8.09. Supplemental Resolutions. The Issuer may pass such supplemental resolutions, if necessary, to effectuate the purposes and intent of this Resolution.

Section 8.10. Effective Time. This Resolution shall take effect immediately upon its adoption.

Section 8.11 Statutory Notice of Meeting and Bond Issue. An abstract of this Resolution determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once in a qualified newspaper having a general circulation in the Silverton Public Service District, together with a notice stating that this Resolution will be considered and that the Issuer contemplates the issuance of the Bond, and that any person interested may appear before the Public Service Board upon a date certain, not less than ten (10) days subsequent to the date of publication of such abstract of this Resolution and notice, and present protests, and that a certified copy of the Resolution is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such meeting, all objections and suggestions shall be heard, and the Governing Body shall take such action as it shall deem proper in the premises.

Adopted: June 24, 1999

SILVERTON PUBLIC SERVICE DISTRICT

By: _____
Chairman

(SEAL)

ATTEST:

By: _____
Secretary

CERTIFICATION

I, Seldon Angus, Secretary of the Public Service Board of the Silverton Public Service District, hereby certify that the foregoing is a true and correct copy of the Resolution approved at a special meeting of said Public Service Board held on June 24, 1999. I further hereby certify that the action of said Public Service Board set forth therein remains in full force and effect and has not been amended or repealed.

WITNESS my signature on this 24th day of June, 1999.

_____

Secretary

STATE OF WEST VIRGINIA,

COUNTY OF JACKSON, to-wit:

The foregoing instrument was acknowledged before me this 24th day of June, 1999, by Frank A. Murrey, the Chairman of the Silverton Public Service District, a public service district created pursuant to the Act by an order issued by The County Commission of Jackson County, West Virginia, on behalf of said public service district.

My commission expires _____.

[SEAL]

_____
NOTARY PUBLIC

$950,000
SILVERTON PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2005A
(RURAL UTILITIES SERVICE)
and
$113,000
SILVERTON PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2005B
(RURAL UTILITIES SERVICE)

BOND RESOLUTION

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SILVERTON PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SERVICE PROPERTIES AND ISSUANCE OF WATER REVENUE BOND, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND WATER REVENUE BOND, SERIES 2005 B (RURAL UTILITIES SERVICE), OF THE SILVERTON PUBLIC SERVICE DISTRICT, IN THE AMOUNTS OF $950,000 AND $113,000, RESPECTIVELY, TO FINANCE A PORTION OF THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS TO A PUBLIC WATER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PLACING LIMIT ON SALE OF SYSTEM; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDERS OF THE BONDS; PROVIDING STATUTORY LIEN ON REVENUES AND SYSTEM; PROVIDING FOR THE ADOPTION, RATIFICATION, APPROVAL AND COLLECTION OF RATES AND CHARGES FOR THE PUBLIC WATER SYSTEM; AND PROVIDING GENERAL TERMS AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF SILVERTON PUBLIC SERVICE DISTRICT, RAVENSWOOD, WEST VIRGINIA:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

Section 1.01. Definitions. The following terms shall have the following meanings in this Resolution 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 of this Resolution.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Bond, or any other agency, board or department of the State 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 other officer or person of the Issuer specifically designated by resolution of the Governing Body of the Issuer.

"Board" or "Public Service Board" means the public service board of the Issuer or any successor thereto.

"Bonds" means the Series 2005 A Bond and Series 2005 B Bond originally authorized hereby.

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

"Bondholders" or "Holders of the Bonds" or "Holders" or "Registered Owners" or any similar term means any person or persons who shall be the registered owners of any Outstanding Bonds.

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

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

"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 S&S Engineers, Inc., Charleston, West Virginia, or any qualified engineer or firm of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof; provided however, that the Consulting Engineer shall not be a regular, full-time employee of the State or any of its agencies, commissions or political subdivisions.

"Council" means the West Virginia Infrastructure and Jobs Development Council or any successor thereto.

"Depository Bank" means the bank designated as such herein or in any Supplemental Resolution, and its successors and assigns.

"FDIC" means the Federal Deposit Insurance Corporation or 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.

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

"Grant" means the $2,130,000 grant made to the Issuer by the Rural Utilities Service to be used to pay a portion of the cost of the Project.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with

generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided that, "Gross Revenues" shall not include any proceeds from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined).

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

"Issuer" means Silverton Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia, in Jackson County, West Virginia, and, unless the context clearly indicates otherwise, includes the Board and any successor thereto.

"Loan Agreement" means the Loan Agreement heretofore entered into, or to be entered into, between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Bond from the Issuer by the Authority, the form of which is hereby approved, and the execution and delivery by the Issuer authorized and directed or ratified herein.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest, if any, on the Bond, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bond and as of any particular date, describes all Bonds theretofore and thereupon being delivered except (a) any Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); and (b) any Bond deemed to have been paid as provided in Article VI hereof.

"Paying Agent" means the Commission designated as such herein or in any supplemental Resolution, and its successors and assigns.

"Prior Bonds" means, collectively, the Issuer's Water Revenue Bond, Series 1975, Taxable Water Revenue Bond, Series 1995 and Water Revenue Bond, Series 1999. The Series 1975 and 1999 Bonds shall be on parity with the Bonds and the Series 1995 Bond shall be junior and subordinate to the Bonds.

"Prior Resolutions" means, collectively, the resolutions adopted by the Issuer to authorize the Prior Bonds.

"Project" means the Project described in Section 1.03A hereof.

"Project Fund" means the Project Fund established by Section 4.01 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, Bonds 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, Bond, 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 exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Registrar" means the bank or other entity to be designated as such herein and its successors and assigns.

"Rural Utilities Service" means the United States of America, United States Department of Agriculture, Rural Utilities Service, and any successor thereto.

"Secretary" means the Secretary of the Issuer.

"Series 2005 A Bond" means the not more than $950,000 aggregate principal amount of Water Revenue Bond, Series 2005 A (West Virginia Infrastructure Fund), originally authorized hereby.

"Series 2005 A Bond Sinking Fund" means the Series 2005 A Bond Sinking Fund established by Section 4.02 hereof.

"Series 2005 B Bond" means the not more than $113,000 aggregate principal amount of Water Revenue Bond, Series 2005 B (Rural Utilities Service), originally authorized hereby.

"Series 2005 B Bond Sinking Fund" means the Series 2005 B Bond Sinking Fund established by Section 4.02 hereof.

"State" means the State of West Virginia.

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

"Surplus Revenues" means the surplus revenues, if any, not required by the Prior Bonds or the Prior Resolutions to be set aside and held for the payment of or security for the Prior Bonds, including any reserve or depreciation accounts.

"System" means the Project and all existing water facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter acquired and/or owned, held or used in connection with the System, including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a public water system; and shall also include any and all additions, extensions, improvements, replacements, properties or other facilities at any time acquired or constructed for said water system after completion of the Project.

"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. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

Words importing singular number include the plural number in each case and vice versa, words importing the masculine gender include every other gender, and words importing persons include firms, partnerships, associations and corporations.

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

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

Section 1.02. Authority for this Resolution. This Resolution, together with any resolution supplemental hereto or amendatory hereof, is adopted pursuant to the provisions of the Act and other applicable provisions of the law.

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

A. The Issuer now operates the System and desires to improve and expand the System. 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 certain additions, betterments and improvements to the System (the "Project"). The acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

B. It is deemed necessary for the Issuer to issue its revenue bonds, in the aggregate principal amounts of $2,035,472 and $950,000, to finance a portion of the costs of the acquisition of the Project and the costs of issuance of the Bonds and related costs, and which, with the Grant, will pay the costs of the Project.

C. It is in the best interests of the Issuer that its Series 2005 A Bond be sold to the Authority pursuant to the terms and provisions of the Loan Agreement and that its Series 2005 B Bond be sold to Rural Utilities Service pursuant to the terms and provisions of the Letter of Conditions, as amended.

D. There are currently outstanding other obligations of the Issuer that will rank on parity with the Bonds as to liens, pledge and source of and security for payment, including the Water Revenue Bond, Series 1975 of the Issuer, dated October 1, 1975 (the "1975 Bond"), issued in the original principal amount of $424,000 and the Water Revenue Bond, Series 1999 of the Issuer, dated June 24, 1999 (the "1999 Bond"), issued in the original principal amount of $710,000. There are no other outstanding bonds or other obligations of the Issuer that will rank senior and prior to or on a parity with the Bonds as to lien, pledge and source of and security for payment. There is currently outstanding another obligation of the Issuer that will rank junior and subordinate to the Bonds as to liens, pledge and source of and security for payment, being the Taxable Water Revenue Bond, Series 1995 of the Issuer, dated December 14, 1995 (the "1995 Bond"), issued in the original principal amount of $125,000. The Bonds shall be payable from and secured first by a lien on the Net Revenues from the System. The Issuer has no other obligations outstanding that are payable from any source from which the Bonds are payable.

E. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to the authorization of the acquisition of the Project and the issuance of the Bonds, or will have so complied prior to issuance of the Bonds, including the obtaining of approval of the acquisition of the Project and the issuance of the Bonds from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which has expired.

F. Pursuant to the Act, the Project has been reviewed and determined to be technically and financially feasible by the Council, and the Council has authorized the

Authority to make a loan to the Issuer from the West Virginia Infrastructure Fund (or will have so authorized prior to issuance of the Series 2005 A Bond).

Section 1.04. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds by 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 benefit, protection and security of the Registered Owners of the Bonds.

ARTICLE II

AUTHORIZATION OF THE ACQUISITION OF THE PROJECT AND ENTRY INTO THE LOAN AGREEMENT

Section 2.01. Authorization of the Acquisition of the Project. There is hereby authorized and ordered the acquisition of the Project at an estimated cost of $4,930,000, in accordance with the Schedule "B" filed with the Council. The proceeds of the Bonds are hereby authorized and shall be applied as provided in Article IV hereof. The Issuer has or will enter into a contract for the acquisition of the Project compatible with the finance plan in the Application.

Section 2.02. Authorization for Issuer to Enter Into Loan Agreement. The Issuer hereby approves the Loan Agreement and the sale of the Series 2005 A Bond pursuant to the Loan Agreement. The Chairman is hereby authorized and directed to execute and deliver the Loan Agreement to the Authority.

Section 2.03. Designation of Parties. The Issuer hereby designates WesBanco Bank, Inc., Ripley, West Virginia, to serve as the Depository Bank, and WesBanco Bank, Inc., Wheeling, West Virginia, to serve as the Registrar for the Bonds. The Commission is hereby designated as Paying Agent for the Bonds.

ARTICLE III

THE BONDS

Section 3.01. Authorization of the Bonds. For the purposes of financing a portion of the costs of acquiring and constructing of the Project and paying the costs of issuance of the Bonds and related costs, there shall be and hereby are authorized to be issued the Water Revenue Bond, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, in an aggregate principal amount of $2,035,472, and the Water Revenue Bond, Series 2005 B (Rural Utilities Service), of the Issuer, in an aggregate principal amount of $950,000.

Section 3.02. Terms of Bonds. The Series 2005 A Bond shall be issued in fully registered form and shall be initially issued as one bond, numbered AR-1, in the

principal amount of $2,035,472. The Series 2005 A Bond shall be dated _____ __, 2005, shall bear interest at zero percent (0%), and shall mature on _____ 1, 2044. The Issuer shall pay, solely from the sources and in the manner provided herein, to the order of the Authority or registered assigns, the principal sum of $2,035,472.00, or such lesser amount as shall have been advanced to the Issuer and not previously repaid, as set forth in the Record of Advances, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200_.

The Series 2005 B Bond shall be issued in single registered form No. BR-l, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of four and 625/100 percent (4.625%) per annum or such lower rate that Rural Utilities Service will make available at closing, and shall be sold for the par value thereof. The Series 2005 B 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 Series 2005 B Bond form hereinafter set forth. The initial address of the Rural Utilities Service for purposes of bond registration is Federal Building, Room 320, 75 High Street, Morgantown, West Virginia 26505-7500.

The aggregate principal amount of the Bonds need not be paid to the Issuer upon delivery of the Bonds but may be advanced to the Issuer as requested by the Issuer from time to time; and the Bonds shall evidence only the indebtedness recorded on the Record of Advances attached thereto and incorporated therein.

The 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, is legal tender for the payment of public and private debts trader the laws of the United States of America.

Section 3.03. Execution and Authentication of Bonds. The Bonds shall be executed in the name of the Issuer by the manual signature of its Chairman and the seal of the Issuer shall be affixed thereto, and attested by the manual signature of the Secretary of the Issuer. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed shall have been actually sold or delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office of the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

No Bonds shall be valid or entitled to any security or benefit under this Resolution unless and until the certificate of authentication and registration on such Bonds shall have been duly manually executed by the Registrar, and such executed certificate of the Registrar upon any such Bonds shall be conclusive evidence that such Bonds have been authenticated, registered and delivered under this Bond Legislation. The certificate of authentication and registration shall be deemed to have been

executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication and registration on the Bonds issued hereunder.

Section 3.04. Negotiability, Transfer and Registration. Subject to the restrictions on transfer set forth below, the Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and the Holders, in accepting said Bonds, shall be conclusively deemed to have agreed that said 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 successive Holders shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Bonds. The Bonds shall be transferable only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar by request of the registered owners thereof in person or by their attorney duly authorized in writing, and upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or their duly authorized attorney. Upon the transfer of a Bond, there shall be issued to the transferee another fully registered Bond or Bonds of the aggregate principal amount or amounts equal to the unpaid amount of the transferred Bonds.

In all cases in which the privilege of transferring the Bonds is exercised, the Bonds shall be delivered in accordance with the provisions of this Resolution. A Bond surrendered in any such transfer shall forthwith be canceled by the Registrar. For every such transfer of the Bonds, the 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 transfer and the cost of preparing a new Bond upon each transfer, and any other expenses of the Registrar incurred in connection therewith, which sum or sums shall be paid by the person requesting such transfer (except for the Authority) as a condition precedent to the exercise of the privilege of making such transfer. The Registrar shall not be obliged to make any such transfer of the Bonds during the 15 days preceding a payment date on the Bonds or after notice of any prepayment of the Bonds has been given.

Section 3.05. Bond Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer, may in its discretion, issue and deliver a new Bond or Bonds 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 the Issuer proof of ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Council may prescribe and paying such expenses as the Issuer may incur. The Bond so surrendered shall be submitted to and canceled by the Registrar and held for the account of the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the

Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.06. Forms of Bonds. The text of the Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2005 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SILVERTON PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2005 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $2,035,472.00

KNOW ALL MEN BY THESE PRESENTS: That SILVERTON PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Jackson County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the sources and in the manner provided therefor, as hereinafter set forth, to the order of the West Virginia Water Development Authority (the "Authority") or registered assigns, the principal sum of ONE MILLION EIGHT HUNDRED FIFTY THOUSAND DOLLARS ($2,035,472.00), 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 hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B.

This Bond shall bear no interest. The principal of this Bond is payable in any coin or currency which on the date of payment thereof 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 dated as of _____ __, 2005, by and between the Issuer and the Authority, on behalf of the Council.

This Bond is issued (i) to finance a portion of the costs of the acquisition, construction and equipping of water main extensions and appurtenances thereto by the Issuer (the "Project", and together with the Issuer's existing water facilities and any further additions, betterments and improvements thereto, collectively referred to as the "System") and (ii) to pay the costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer

on _____ __, 2005 (the "Bond Legislation"), and is subject to all the terms and conditions thereof.

The principal of this Bond is payable from Net Revenues (as defined in the Bond Legislation) of the System and unexpended proceeds of this Bond. This Bond will be issued on parity with the Issuer's Water Revenue Bond, Series 1975, dated October 1, 1975, issued in the original principal amount of $424,000 and its Water Revenue Bond, Series 1999, dated June 24, 1999, issued in the original principal amount of $710,000, and senior and prior to the Issuer's Taxable Water Revenue Bond, Series 1995, dated December 14, 1995 issued in the original principal amount of $125,000 (collectively, the "Prior Bonds"). In addition, the Issuer intends to issue its Water Revenue Bond, Series 2005 B (Rural Utilities Service), in the principal amount of $950,000, concurrently with the issuance of this Bond.

Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on this Bond, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with this Bond. The Issuer has entered into certain further covenants with the Registered Owner of this Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provisions or limitations, nor shall the Issuer be obligated to pay the same except from the sources set forth above. Under the Bond Legislation, the Issuer has entered into certain covenants with the Authority, for the terms of which reference is made to the Bond Legislation. Remedies provided the Authority are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the requirements for transfer set forth herein, this Bond is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the West Virginia. This Bond is transferable, as provided in the Bond Legislation, only by transfer of registration upon the books of the Registrar, to be made at the request of the registered owner hereof in person or by his attorney duly authorized in writing, and upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney.

All moneys received from the sale of this Bond shall be applied solely to the payment of the costs of acquisition of the Project and the costs of issuance and related costs 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.

Under the Act, this Bond is exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at 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 Bond, together with all other obligations of the Issuer, do not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

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

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BOND, SERIES 1975, DATED OCTOBER 1, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $424,000, THE ISSUER'S WATER REVENUE BOND, SERIES 1999, DATED JUNE 24, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $710,000, AND THE ISSUER'S WATER REVENUE BOND, SERIES 2005 B (RURAL UTILITIES SERVICE), DATED _____ __, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $950,000 AND SENIOR AND PRIOR TO THE ISSUER'S TAXABLE WATER REVENUE BOND, SERIES 1995, DATED DECEMBER 14, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $125,000.

This Bond will be in default should any proceeds of this Bond be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

This Bond shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

IN WITNESS WHEREOF, SILVERTON 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 _____ __, 2005.

SILVERTON PUBLIC SERVICE DISTRICT

[SEAL]

By: _____
Chairman

Attest:

By: _____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is the Bond described in and issued under the provisions of the within-mentioned Bond Legislation and has been duly registered in the name of the registered owned set forth above.

Date: _____ __, 2005.

WESBANCO BANK, INC., as Registrar

By: _____
Trust Officer

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ _____ the within-mentioned Bond and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Bond on the books of the Registrar on behalf of said Issuer with full power of substitution in the premises.

Dated: _____

_____

In the Presence of:

_____

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$___,___.00	__/__/04	(2)	$	
(3)	$		(4)	$	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(FORM OF SERIES 2005 B BOND)

$950,000
SILVERTON PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2005 B
(RURAL UTILITIES SERVICE)

No. BR-1 Date: _____ __, 2005

FOR VALUE RECEIVED, the SILVERTON PUBLIC SERVICE DISTRICT, a public service district created pursuant to the Act by orders issued by The County Commission of Jackson County, in Jackson County of said State (herein called "Issuer"), hereby promises to pay to the order of the United States of America (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 Nine Hundred Fifty Thousand and 00/100 Dollars ($950,000), plus interest on the unpaid principal balance at the rate of four and 625/1000 percent (4.625%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and $4,437.00 covering principal and interest, thereafter on said corresponding 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 Issuer as requested by Issuer and approved by the Government, and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto and made a part hereof.

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Issuer. Refunds and extra payments, as defined in the regulations of the Rural Development, acting on behalf of the Rural Utilities Service, according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Issuer to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Issuer 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 Issuer 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 Issuer, 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 Issuer, 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 Issuer to the Government without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for 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 of improvements to a water system (the "System") of the Issuer, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Issuer 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 Issuer, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Bond Legislation, 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 Bond 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 (herein called the "Act").

If at any time it shall appear to the Government that Issuer may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Issuer will, at 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 Issuer made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act, as amended. This Bond shall be subject to the present regulations of the Rural Development, acting on behalf of the Rural Utilities Service, successor in

interest to the Farmers Home Administration, and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BOND, SERIES 1975, DATED OCTOBER 1, 1975, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $424,000, THE ISSUER'S WATER REVENUE BOND, SERIES 1999, DATED JUNE 24, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $710,000, AND THE ISSUER'S WATER REVENUE BOND, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____ __, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,035,472 AND SENIOR AND PRIOR TO THE ISSUER'S TAXABLE WATER REVENUE BOND, SERIES 1995, DATED DECEMBER 14, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $125,000.

The initial address of United States Department of Agriculture-Rural Development for purposes of bond registration is P.O. Box 678, Morgantown, WV 26505.

IN WITNESS WHEREOF, the SILVERTON PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

SILVERTON PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Chairman

ATTEST:

By: _____
Secretary

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $	__/__/04	(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	

TOTAL $ _____

(Form of Assignment)

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 3.07. Sale of Bonds; Ratification and Execution of Loan Agreement with Authority.

A. The Series 2005 A Bond shall be sold to the Authority pursuant to the terms and conditions of the Loan Agreement contemporaneously with, or as soon as practicable and authorized and permitted by applicable law after, adoption of this Resolution; provided, that the Authority and the Issuer shall have agreed to the purchase thereof. The Chairman is specifically authorized and directed to execute the Loan Agreement, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized ratified and approved. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Resolution.

B. The Series 2005 B Bond shall be sold to Rural Utilities Service pursuant to the terms and conditions of the Letter of Conditions, as amended, contemporaneously with, or as soon as practicable and authorized and permitted by applicable law after, adoption of this Resolution.

Section 3.08. Advances of Principal of Bonds; Excess Bond Proceeds. The Issuer shall requisition the Council for the proceeds of the Series 2005 A Bond as needed to pay the costs of acquisition of the Project and the costs of issuance of the Series 2005 A Bond and related costs, and such proceeds shall be paid to the Issuer or its designated payee only to pay the costs authorized by this Bond Legislation. Upon completion of the Project, any Bond Proceeds not required for the Project Costs shall be applied as directed by the Council.

Section 3.09. Pledge of Security for the Bonds. The principal of and interest on the Bonds shall be payable only from and secured by a first lien on the Net Revenues of the Issuer, on parity with the Series 1975 and 1999 Bonds and senior and prior to the 1995 Bond, all of which are hereby pledged for such payments.

Section 3.10. Bonds Not to be Indebtedness of Issuer. The Bonds shall be a special obligation of the Issuer, payable solely from the sources described above. The Bonds do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment or the Bonds. The Holders of the Bonds shall never have the right to compel the forfeiture of any property of the Issuer. The Bonds shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as pledged therefor by this Resolution.

Section 3.11. Prohibition of Other Loans. So long as the Bonds and the Prior Bonds are outstanding, no bonds or other evidences of indebtedness against the System shall be issued by the Issuer without the prior written consent of the Authority and the

Council and the holders of the Prior Bonds. The Issuer shall give the Authority and the Council and the holders of the Prior Bonds 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 3.12. Covenants with Holders of Bonds. In order to secure the payment of the Bonds, the Issuer hereby covenants and agrees with the Holders of the Bonds, as follows:

(A) The Issuer will not make or cause or permit to be made any application of the proceeds of the Bonds except in accordance with the provisions of Section 4.03 hereof, or of any moneys held in the Project Fund except in accordance with the provisions of Section 4.04 hereof.

(B) The Issuer will comply in all respects with the terms and provisions of any grant agreements applicable to the System and with all applicable State and federal laws and regulations governing the implementation of such grant agreements.

(C) The Issuer will comply with all the terms and conditions of the Loan Agreement.

Section 3.13. Required Notices to Holders of Bonds. The Issuer will provide the Authority and the Council prompt written notice, appropriately documented, of any of the following events:

(A) Any suspension, termination or modification of any grant;

(B) The authorization by the Issuer of any additional indebtedness related to the System; and

(C) Any activity that would stop the work schedule on the Project.

Section 3.14. "Amended Schedule B." Upon completion of the acquisition of the Project, the Issuer will file with the Authority and the Council a schedule in substantially the form provided by the Council, setting forth the actual Costs of the Project and sources of funds therefor.

ARTICLE IV

REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established or contained with and shall be held by the Depository Bank, separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

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

(2) Project Fund; and

(3) Depreciation Reserve Fund (established by the Prior Resolutions).

Section 4.02. Establishment of Funds with Commission. The following special funds are hereby created and established with the Commission:

(1) Series 2005 A Bond Sinking Fund.

(2) Series 2005 B Bond Sinking Fund.

Section 4.03. Bond Proceeds; Project Fund. From the moneys received from time to time from the sale of the Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

From the proceeds of the Bonds, there shall first be deposited with the Depository Bank in the Project Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 4.04.

The Depository Bank shall act as a trustee and fiduciary for the Holders of the Bonds with respect to the Project Fund and shall comply with all requirements with respect to the disposition of the Project Fund set forth in this Resolution. Moneys in the Project Fund shall be used solely to pay costs of the Project and, until so expended, are hereby pledged as additional security for the Bonds.

Section 4.04. Disbursements From the Project Fund. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as required by the Council. Payments for Costs of the Project shall be made monthly.

Disbursements from the Project Fund shall be made only after submission to the Council of a certificate, signed by the Chairman and the Consulting Engineer, stating:

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

(B) That 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) That each of such costs has been otherwise properly incurred; and

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Project Fund only the net amount remaining after deduction of any such portion. All payments made from the Project Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Project Fund.

Pending application as provided in this Section 4.04, money and funds in the Project Fund shall be invested and reinvested at the direction of the Issuer in Qualified Investments.

When acquisition 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 Fund shall be applied as directed by the Council.

The Issuer shall expend the proceeds of the Series 2005 A Bond within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

Section 4.05. Covenants of the Issuer as to Revenues and Funds. So long as the Bonds shall be outstanding and unpaid, the Issuer further covenants with the holders of the Bonds as follows:

(A) Revenue Fund. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

(B) Disposition of Revenues. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall first each month transfer sufficient moneys from the Revenue Fund to pay all current Operating Expenses.

(2) The Issuer shall next, on the required payment dates, remit all payments of principal and interest due on the 1975 and 1999 Bonds and on the Bonds under the terms of the 1975 and 1999 Resolutions and this Resolution.

(3) The Issuer shall next, on the required payment dates, remit all reserve payments required to be made on the 1975 and 1999 Bonds and on the Bonds under the terms of the 1975 and 1999 Resolutions and this Resolution.

(4) The Issuer shall next, on the required payment dates, remit the payments required to be made to the Depreciation Reserve Fund under the terms of the 1975 and 1999 Resolutions.

(5) The Issuer shall next, on the required payment dates, remit all payments of principal and interest due on the 1995 Bond under the terms of the 1995 Resolution.

(6) The Issuer shall next, on the required payment dates, remit all reserve payments required to be made on the 1995 Bond under the terms of the 1995 Resolution.

Moneys in the Series 2005 A and 2005 B Bond Sinking Funds shall be used only for the purposes of paying principal and interest, if applicable, of the Bonds as the same shall become due. All investment earnings on moneys in the Series 2005 A and 2005 B Bond Sinking Funds shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full to principal payments thereon.

As and when additional bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirements therefor.

The Issuer shall not be required to make any further payments into the Series 2005 A and Series 2005 B Bond Sinking Funds when the aggregate amounts of funds in said Sinking Funds is at least equal to the aggregate principal amounts of the Bonds issued pursuant to this Bond Resolution then Outstanding.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2005 A and Series 2005 B Bond Sinking Funds. All payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution. In the case of payments to the Commission, 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.

The Series 2005 A and Series 2005 B Bond Sinking Funds shall be used solely and only for, and is hereby pledged for, the purpose of servicing the Bonds under the conditions and restrictions herein set forth.

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 of the System and shall be used to pay principal of the Bonds.

Investments in any fund or account under this Bond Resolution shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of

the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Investment Management Board. 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account.

(C) Change of Depository Bank. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the aforesaid bank should cease for any reason to serve or if the Issuer determines by supplemental resolution that said bank or its successor should no longer serve as Depository Bank. Upon any such change, the Issuer will cause notice of the change to be sent by registered or certified mail to the Authority.

(D) Charges and Fees. The Issuer shall remit from the Revenue Fund to the Commission and to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Commission and the Depository Bank then due.

(E) Investment of Excess Balances. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, in a lawful manner for securing deposits of state and municipal funds under the laws of the State.

(F) Remittances. All remittances made by the Issuer to the Commission and to the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

(G) Gross Revenues. The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE V

ADDITIONAL COVENANTS OF THE ISSUER

Section 5.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder of the Bonds. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article V. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as said Bonds or the interest thereon is Outstanding and unpaid.

Section 5.02. Bonds Not to be Indebtedness of the Issuer. The Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation on indebtedness, but shall be payable solely from the funds

pledged for such payment by this Resolution. No Holder of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds.

Section 5.03. Bonds Secured by Pledge of Net Revenues. The payment of the principal of and interest, if applicable, on the Bonds issued hereunder shall be secured forthwith by a lien on the Net Revenues derived from the operation of the System.

The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest, if applicable, on the Bonds, and all other payments provided for in the Resolution, are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal and interest, if applicable, on the Bonds, as the same becomes due, and for the other purposes provided in the Resolution.

Section 5.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in an Order of the Public Service Commission dated _____ __, 2005, in Case Number 0_-____-PWD-19A, which order is incorporated herein by reference and is made a part hereof.

So long as the Bonds are Outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent and in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such action necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 5.05. Sale of the System. So long as the Bonds are Outstanding, the System may not be sold, transferred, mortgaged, leased or otherwise disposed of, except in accordance with this Resolution. So long as the Bonds are Outstanding, and except as otherwise required by state 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 pay the Outstanding Bonds, or to effectively defease this Resolution in accordance with Section 8.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Series 2005 A and Series 2005 B Bond Sinking Funds, and, with the written permission of the Authority, 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 applicable, on the Bonds. Any balance remaining

after the payment of the Bonds shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Depreciation Reserve Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Depreciation Reserve Fund. The payment of any such proceeds into the Depreciation Reserve Fund shall not reduce the amounts required to be paid into said fund by other provisions of this Resolution. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all bonds then outstanding without the prior approval and consent in writing of the holders, or their duly authorized representatives, 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 5.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section, and, so long as the Bonds are outstanding, 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 Bonds and the 1975 and 1999 Bonds. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bond and the 1975 and 1999 Bonds.

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 Bonds and the 1975 and 1999 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds in this Resolution, 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 for the System or any other obligations related to the Project or the System.

Section 5.07. Parity Bonds. So long as the 1975 and 1999 Bonds are Outstanding, no Parity Bonds shall be issued except in accordance with the terms of the 1975 and 1999 Resolutions. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Bonds issued pursuant to this Resolution, except under the conditions and in the manner herein provided. No Parity Bonds shall be issued without the prior written consent of the Authority and the Council.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Bonds and the 1975 and 1999 Bonds and subordinate to the 1995 Bonds, unless otherwise approved by the holders of the Bonds and the 1975 and 1999 Bonds.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Chairman 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 twelve (12) consecutive months, within the eighteen (18) months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than one hundred fifteen percent (115%) of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds and 1975 and 1999 Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the three (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 delivery 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 with the Chairman prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the twelve (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 Resolution (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds 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; provided however, such bonds shall be subordinate to the 1975 and 1999 Bonds unless approved in advance by the holder or holders of the 1975 and 1999 Bonds. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Resolution required for and on account of such Parity Bonds, in addition to the payments required for the Bonds and the 1975 and 1999 Bonds theretofore issued pursuant to this Resolution or any prior resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Bonds and the 1975 and 1999 Bonds. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Bonds and the 1975 and 1999 Bonds.

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

Section 5.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project. The Issuer shall permit the Authority and the Council, or their duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all

reasonable times for the purpose of audit and examination, and the Issuer shall submit to the Authority and the Council such documents and information as it may reasonably require in connection with the acquisition of the Project, the operation and maintenance of the System and the administration of the Loan or any State and federal grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the Council and their agents and representatives to have access to the records pertaining to the operation and maintenance of the System at any reasonable time following the acquisition of the Project and commencement of operation thereof.

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 Holders of the Bonds issued pursuant to this Resolution shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed by the Uniform System of accounts promulgated by the PSC. 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 and the Authority, or any other original purchasers of the Bonds, and shall mail in each year to any Holders of the Bonds requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor 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 Holders of the Bonds and shall submit said report to the Authority and the Council, or any other original purchaser of the 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 Issuer's revenues are adequate to meet its expenses and debt service 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 the acquisition 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.

The Issuer shall also, for two years following the acquisition of the Project, complete a Monthly Financial Report, as described in the Loan Agreement, and forward a copy by the 10th of each month to the Authority and the Council.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer shall do all things necessary to acquire the Project. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

Section 5.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file at the office of the Issuer, 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 said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for payment of principal of and interest, if any, on the Bonds, the 1975 and 1999 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the reserve accounts of the 1975 and 1999 Bonds or the reserve accounts for obligations on a parity with the 1975 and 1999 Bonds are funded at least at the requirement therefor, such balance each year need only equal at least one hundred ten

percent (110%) of the maximum amount required in any year for payment of principal of and interest, if applicable, on the Bonds, the 1975 and 1999 Bonds and all other obligations secured by a lien on or payable from such revenues. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate resolution described in Section 5.04.

Section 5.10. Operating Budget. The Issuer shall annually, at least forty-five (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. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, 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 ten percent (10%) of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall, within thirty (30) days of the adoption thereof, mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to the Holders of the Bonds, who shall file its address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished to it 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 Holders of the Bonds, or anyone acting for and on behalf of such Holders of the Bonds.

Section 5.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 5.12. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineer in the form attached to the Loan Agreement, stating, among other things, that 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 of the Project, and all permits required by federal and state laws for operation of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Council and the Authority covering the supervision and inspection of the Project. 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 5.13. 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 thirty (30) days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid, to the extent authorized by the laws of the State and 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 and any services and facilities of a sewer system, if so owned by the Issuer, 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 of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 5.14. 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 5.15. Insurance. 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 Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Depreciation Reserve Fund.

(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) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of one hundred percent (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, 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) SURETY BOND, a surety bond shall be purchased for each member and employee of the Issuer or the Governing Body having custody of the revenues or 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.

Section 5.16. 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 5.17. Completion and Operation of Project; Permits and Orders. The Issuer hereby covenants and agrees to complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all applicable laws, rules and regulations issued by the Council, the Authority or other State, federal or local bodies in regard to the acquisition of the Project and operation, maintenance and use of the System.

The Issuer has obtained all permits and approvals required by State and federal laws for the acquisition of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition of the Project and the operation of the System and all approvals for the issuance of the Bonds required by State law, with the appeal periods having expired without successful appeal.

Section 5.18. Compliance with Loan Agreement and Law. The Issuer agrees to perform, satisfy and comply with all terms and conditions of the Loan Agreement and the Act. The Issuer also agrees to comply with all applicable laws, rules and regulations issued

by the Authority and the Council or other state, federal or local bodies in regard to the acquisition of the Project and the operation, maintenance and use of the System.

Section 5.19. 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 ten percent (10%) of the Net Proceeds of the Bonds are used for private business use if, in addition, the payment of more than ten percent (10%) of the principal due on the Bonds during the term thereof is, under the terms of the 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 five percent (5%) of the Net Proceeds of the Bonds are used for a private business use, and (B) an amount in excess of five percent (5%) of the principal due on the Bonds during the term thereof is, under the terms of the 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 five percent (5%) or Net Proceeds of the 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 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 that portion of the Project to which such private business use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of five percent (5%) of the Net Proceeds of the Bonds 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 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds, 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 those deemed necessary by the Authority), and will not take any actions, or fail to take any actions (including those determined by the Authority) that would adversely affect such exclusion.

Section 5.20. Securities Law Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit, annual operating related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240).

Section 5.21. Public Service Commission Approval. The Issuer shall obtain all requisite orders of and approvals from the Public Service Commission of West Virginia necessary for the acquisition of the Project and operation of the System, and the Authority shall receive an opinion of counsel to the Issuer to such effect.

Section 5.22. Restrictions on Use of Bond Proceeds. The Issuer agrees that it will be in default hereunder if any Bond proceeds are used for a purpose that contributes to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

Section 5.23. Contracts; Public Releases.

A. The Issuer shall, simultaneously with the delivery of the Bonds or immediately thereafter, enter into written contracts for the immediate acquisition 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 2005 A Bond held in "contingency" as set forth in the schedule attached to the Certificate of Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2005 A Bond made available due to Project underruns.

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

ARTICLE VI

INVESTMENT OF FUNDS

Section 6.01. Investments. Any moneys held as a part of the funds and accounts created or continued by this Resolution, other than the Revenue Fund, shall be invested and re-invested 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 Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 6.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own trust 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, 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 the Bonds are outstanding.

Section 6.02. Certificate as to Use of Proceeds. The Issuer shall deliver a certificate as to the use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to the restrictions on the use of the proceeds of the Bonds as a condition to the issuance of the Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to maintain the status of the Bonds as a governmental bond; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council , as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority and the Council information with respect to the Issuer's use of the proceeds of the Bonds and any additional information requested by the Authority and the Council.

ARTICLE VII

DEFAULT AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

(A) If default occurs in the due and punctual payment of the principal of and interest, if applicable, on the Bonds;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds in this Resolution, any Supplemental Resolution, or in the Bonds, as the case may be, and such default shall have continued for a period of thirty (30) days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, any other bank or banking association holding any fund or account hereunder or the Holders of Bonds;

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

(D) If default occurs under the 1975 and 1999 Bonds or the 1975 and 1999 Resolutions.

Section 7.02. Remedies. Upon the happening and continuance of any Event of Default, any Holder of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of the Holders of the Bonds including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Holders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of the Holders of the Bonds; provided that, all rights and remedies of the registered owner of the 1995 Bond shall be junior and subordinate to those of the Bonds and the 1975 and 1999 Bonds.

Section 7.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Resolution and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default in payment of principal of and interest, if applicable, on the Bonds with respect to such Bonds any Registered Owner of the Bonds 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 of the

Project or both, as provided by law, on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his, 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 do.

Whenever all that is due upon the Bonds and under any covenants of this Resolution for sinking of other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owners of the 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, 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 the Holders of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and the Holders of the Bonds under the provisions of this Resolution, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE VIII

DEFEASANCE

Section 8.01. Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Bonds the principal and all accrued interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then this Resolution, the funds pledged under this Resolution and all covenants, agreements and other obligations of the Issuer to Holders of the Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of which, when due, will provide moneys which, together with the moneys, if any, deposited in the Series 2005 A and Series 2005 B Bond Sinking Funds at the same or earlier time, shall be sufficient to pay as and when due the principal of and interest, if applicable, on the Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. The Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Depository Bank either moneys in an amount which shall be sufficient, or securities the principal of which when due, will provide moneys which, together with the moneys, if any, deposited with the Depository Bank at the same time, shall be sufficient to pay when due the principal and all accrued interest due and to become due on the Bonds on and prior to the maturity date thereof. Neither securities nor moneys deposited with the Depository Bank pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the respective principal of and accrued interest on the Bonds; provided, that any cash received from such principal payments on such securities deposited with the Depository Bank if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal and accrued interest to become due on the Bonds on and prior to such maturity dates thereof, and interest earned from such reinvestment shall be paid over to the Issuer as received by the Depository Bank free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Amendment or Modification of Resolution. Prior to issuance of the Bonds, this Resolution may be amended or supplemented in any way by a Supplemental Resolution. Following issuance of the 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 the Bondholders shall be made without the consent in writing of the Holders of the Bonds then Outstanding; provided, that no

change shall be made in the maturity of the Bonds, or in the principal amount thereof or the interest rate applicable thereto, or affecting the unconditional promise of the Issuer to pay such principal and all accrued interest out of the funds herein pledged therefor without the consent of the Holders thereof.

Section 9.02. Resolution Constitutes Contract. The provisions of this Resolution shall constitute a contract between the Issuer and the Holders of the Bonds, and no change, variation or alteration of any kind of the provisions of the Resolution shall be made in any manner, except as in this Resolution provided.

Section 9.03. 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 or the Bonds.

Section 9.04. Headings, Etc. The headings and catch lines 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 9.05. Conflicting Provisions Repealed. Except for the 1975, 1995 and 1999 Resolutions, all resolutions, indentures or orders, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 9.06. 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 and passage of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Public Service Board 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 9.07. Effective Date. This Resolution shall take effect immediately upon adoption hereof.

Section 9.08. Statutory Notice and Public Hearing. Prior to adoption hereof, an abstract of this Resolution determined to contain sufficient information as to give notice of the contents hereof shall be published in a qualified newspaper published and of general circulation in Jackson County, together with a notice stating that this Resolution will be considered for adoption and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Issuer's Public Service Board upon a date certain, not less than ten (10) days subsequent to the date of the publication of such abstract of this Resolution and notice, and present protests, and that a certified copy of this Resolution is on file with the Issuer for review by interested persons during office hours of the Issuer. At such hearing, all objections and suggestions shall be

heard and the Issuer's Public Service Board shall take such action as it shall deem proper in the premises.

Adopted Following Public Hearing – _____ __, 2005

Adopted this ___ day of _____, 2005.

SILVERTON PUBLIC SERVICE DISTRICT

By: _____
Chairman

By: _____
Member

By: _____
Member

CERTIFICATION

The undersigned does hereby certify that the attached Bond Resolution is a true and accurate copy of the Bond Resolution duly adopted by the Public Service Board of SILVERTON PUBLIC SERVICE DISTRICT on _____ __, 2005, and that the foregoing document remains in full force and effect and has not been amended.

Dated: _____ __, 2005.

[SEAL]

_____
Secretary

IC-3
(1/11)

GRANT AGREEMENT
(2008W-1042)

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and the NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT (the "Governmental Agency").

RECITALS

WHEREAS, the Governor of West Virginia (the "Governor") has provided money from the Governor's Contingency Fund to the Council for the purpose of making a grant to the Governmental Agency;

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in an amount not to exceed $390,000 (the "Grant") for the purposes of the design, acquisition or construction of a project described in the Governor's November 12, 2010 Direction;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit B attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

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

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources. The Project budget shall not be amended unless the Governmental Agency has received the prior written consent of the Council.

2. The Authority shall advance the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Council and the Authority.

3. The Governmental Agency shall comply with all laws and regulations of the State of West Virginia for the expenditure of public funds, including but not limited to procurement

of engineering services, competitive bid procedures, payment of prevailing wages, bonding requirements and project audits, and shall provide the Council with such documentation of compliance as may be requested from time to time.

4. The Authority shall wire the approved requisition amount using the wiring instructions provided in Exhibit A, unless the Council and Authority are provided replacement instructions in writing.

5. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit B.

6. The Governmental Agency shall comply with and is bound by the Council=s rules set forth as Title 167, Series 1.

7. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

8. The Governmental Agency shall list the Grant provided by the Authority and the Council, on behalf of the Governor, in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

9. This Grant Agreement shall be governed by the laws of the State of West Virginia.

10. No funds shall be advanced under this Grant after December 1, 2011, unless specifically authorized in writing by the Council.

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

NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman
Date: 03/15, 2011

(SEAL)

Attest:
_____
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Executive Director
Date: 3/11, 2011

(SEAL)

Attest:
_____
Its: Authorized Officer

{C2006055.1}

NORTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

39 Gilmore Drive
Sandyville, WV 25275
phone: 304-273-9621
fax: 304-273-9716
email: njcpsd@citynet.net

Exhibit A

Wiring Instructions

March 17, 2011

Payor:	West Virginia Water Development Authority
Source:	Governor's Contingency Fund Grant Proceeds
Amount:	$ 390,000.00
Date:	March 17, 2011
Form:	Electronic Funds Transfer
Payee:	Northern Jackson County Public Service District
Bank:	WesBanco
Bank Contact:	Robin McGoskey
Telephone:	304-273-9351 Ext: 7403
Routing No.:	043400036
Account No.:	832003166
Account Name:	Lockhart Medina Note Project Fund

WEST VIRGINIA

Infrastructure & Jobs Development Council

Gov. Earl Ray Tomblin
Chairman

Kenneth Lowe, Jr.
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Louis R. Spatafore
Public Member

Joseph Freeland
Public Member

D. K. "Bud" Carr
Public Member

James W. Ellars, P.E.
Executive Director

Barbara J. Pauley
Administrative Secretary

December 8, 2011

Kim DeVaughn, Manager
Northern Jackson County PSD
39 Gilmore Dr.
Sandyville, WV 25275

Re: No. Jackson Co. PSD (Medina-Lockhart Fork)
Water Project 2008W-1042
Binding Commitment
(Action Required by December 31, 2011)

Dear Ms. DeVaughn:

At its December 7, 2011 meeting, the West Virginia Infrastructure and Jobs Development Council voted to approve that the Northern Jackson County Public Service District receive a binding commitment for a $1,910,000 Infrastructure Fund loan (Loan). This project is for a water extension which includes approximately 41,000 lf of 6" waterline, 77 test stations, one pressure reducing station and necessary appurtenances. The Infrastructure Fund Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference.

If you have any questions regarding this matter, please contact Jim Ellars at 304-414-6501 (X106).

Sincerely,

Kenneth Lowe, Jr.

Attachment

cc: Bob Decrease, P.E., BPH *(via e-mail)*
Jim Hildreth, Boyles & Hildreth *(via e-mail)*
Robert Leach, Mid-Ohio Valley Regional Council *(via e-mail)*

NOTE: This letter is sent in duplicate. Please acknowledge receipt and immediately return one copy to the Infrastructure Council.

Northern Jackson County Public Service District

By: _____

Its: _____

Date: _____

180 Association Drive • Charleston, WV 25311 • Phone (304) 414-6501 • Fax (304) 414-0866

www.wvinfrastructure.com

State of West Virginia
Joe Manchin III
Governor

Office of the Governor
State Capitol
1900 Kanawha Boulevard, East
Charleston, WV 25305

Telephone: (304) 558-2000
Toll Free: 1-888-438-2731
FAX: (304) 342-7025
www.wvgov.org

October 20, 2010

The Honorable Joe Pitts, President
The Honorable Tommy Nutter
The Honorable Don Stephens
Post Office Box 800
Ripley, West Virginia 25271

Dear Commissioners:

I am pleased to approve a grant in the amount of $390,000 from the Governor's Contingency Fund to construct and refurbish water storage tanks and the filtration tank unit for the Medina-Lockhart Water Extension.

One of the highest priorities during my administration has been to provide the necessary infrastructure to make West Virginia a safe and healthy place to live. By providing vital access to clean, adequate water and reliable sewer facilities, we can promote future economic development and improve the quality of life in West Virginia

This grant, combined with a loan from IJDC in the amount of $1,910,000 will allow service to an additional 108 households for a total project of $2,300,000

I am pleased to make this funding a reality for the citizens of Jackson County.

With warmest regards,

Joe Manchin III
Governor

JM/lc

USDA Rural Development
United States Department of Agriculture
Rural Development
West Virginia State Office

April 17, 2012

NORTHERN JACKSON COUNTY
PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012
(WEST VIRGINIA INFRASTRUCTURE FUND)

RUS CONSENT TO ISSUANCE OF PARITY BOND

United States of America, Rural Development (the "Government"), represents that it is the sole and only registered owner of the (1) Taxable Water Revenue Bond, Series 1995, dated December 14, 1995, issued in the original principal amount of $125,000, (2) Water Revenue Bond, Series 1999, dated June 24, 1999, issued in the original principal amount of $710,000, (3) Water Revenue Bond, Series 2005B (Rural Utilities Service), dated June 23, 2005, issued in the original principal amount of $950,000, and (4) Water Revenue Bond, Series 2005C (Rural Utilities Service), dated June 23, 2005, issued in the original principal amount of $113,000 (collectively, the "Prior Bonds").

The Government does hereby consent to the issuance by the Northern Jackson County Public Service District, Sandyville, West Virginia (the "Issuer"), of its parity bond, Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund) (the "Series 2012 Bond"), in the amount of $1,910,000, to be sold to the West Virginia Water Development Authority, for the benefit of the West Virginia Infrastructure and Jobs Development Council. The Government hereby consents that the Series 2012 Bond may be payable from the Net Revenues of the water system of the Issuer and otherwise secured on a parity basis with the Prior Bonds.

In addition, the Government consents to a waiver of any requirement that Net Revenues for the fiscal year following the year in which any Additional Bonds are to be issued will be at least 120% of the average annual debt service requirements on all Prior Bonds. By consenting to such waiver, the Government consents to a reduction in such requirement to 115%.

By the execution of this consent, the undersigned hereby certifies that he/she is fully empowered and authorized to execute this consent on behalf of the Government.

WITNESS my signature this 17th day of April, 2012.

UNITED STATES OF AMERICA
UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development

By: _____
State Director

1550 Earl Core Road, Suite 101, Morgantown, WV 26505
304.284.4860 • 1.800.295.8228 • 304.284-4893 • TTY/TDD 304.284.4836 • Web: http://www.rurdev.usda.gov

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WEST VIRGINIA
Water Development Authority
Celebrating 36 Years of Service 1974 - 2012

NORTHERN JACKSON COUNTY
PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2012
(WEST VIRGINIA INFRASTRUCTURE FUND)

WDA CONSENT TO ISSUANCE OF PARITY BOND

In reliance upon a certificate of the Issuer's certified public accountant, and the opinion of Goodwin & Goodwin, LLP, as Bond Counsel, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority, acting on behalf of the West Virginia Infrastructure and Jobs Development Council, the registered owner of the Northern Jackson County Public Service District, Water Revenue Bond, Series 2005A (West Virginia Infrastructure Fund), dated June 23, 2005 (the "2005A Bond"), issued in the original principal amount of $2,035,472, hereby consents to the issuance of the Northern Jackson County Public Service District, Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund) (the "Series 2012 Bond"), issued in the original aggregate principal amount of $1,910,000, under the terms of the Bond Resolution authorizing the Series 2012 Bond, on a parity with respect to liens, pledge and source of and security for payment with the 2005A Bond.

WITNESS my signature as of the 24th day of July, 2012.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Sheila A. Miller
Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
Phone (304) 414-6500 / fax (304) 414-0865
www.wvwda.org

CLOSING MEMORANDUM

To: **Carol Cummings**
Jim Ellars
Brian Blackwell
Betsy Haught
Sara Boardman
Samme Gee

From: **Bill Bragg**

Date: **July 24, 2012**

Re: **Northern Jackson County Public Service District**
Water Revenue Bond, Series 2012
(West Virginia Infrastructure Fund)

---

1. **DISBURSEMENT TO DISTRICT**

Payor:	West Virginia Water Development Authority
Source:	Series 2012 Bond Proceeds
Amount:	$86,793.30
Date:	July 24, 2012
Form:	Wire Transfer
Payee:	Northern Jackson County Public Service District
Bank:	WesBanco Bank, Inc. 2 Wall Street Ravenswood, WV 26164 (304) 273-9351 Att'n.: Robin McGoskey
Routing No.:	043400036
Account No.:	832012194
Account:	Series 2012 Bond Project Fund

2. **DISBURSEMENT TO MBC**

Payor:	West Virginia Water Development Authority
Source:	Series 2012 Bond Proceeds
Amount:	$95,570.65
Date:	July 24, 2012
Form:	Wire Transfer
Payee:	West Virginia Municipal Bond Commission (304) 558-3971 Att'n.: Sara Boardman
Bank:	Branch Banking & Trust Company 300 Summers Street Charleston, WV 25301
Routing No.:	051503394
Account No.:	5270517317
Account:	State of West Virginia

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

INSURED COPY

DATE (MM/DD/YY)

Serial # A15440

PRODUCER

WV BOARD OF RISK & INSURANCE MGT.
90 MACCORKLE AVE. SW, SUITE 203
SOUTH CHARLESTON, WV 25303

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

Northern Jackson County PSD
39 Gilmore Dr
Sandyville, WV 25275

INSURERS AFFORDING COVERAGE

INSURER A:	NATIONAL UNION FIRE CO OF PITTSBURGH, PA
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS		
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR X WRONGFUL ACT X PROFESSIONAL GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC	P900002672	07/01/2012	07/01/2013	EACH OCCURRENCE	$	1,000,000
					FIRE DAMAGE (Any one fire)	$	100,000
					MED EXP (Any one person)	$	0
					PERSONAL & ADV INJURY	$	INCLUDED
					GENERAL AGGREGATE	$	NONE
					PRODUCTS - COMP/OP AGG	$	NONE
A	AUTOMOBILE LIABILITY ANY AUTO X ALL OWNED AUTOS X SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS	P900002672	07/01/2012	07/01/2013	COMBINED SINGLE LIMIT (Ea accident)	$	1,000,000
					BODILY INJURY (Per person)	$	
					BODILY INJURY (Per accident)	$	
					PROPERTY DAMAGE (Per accident)	$	
	GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT	$	
					OTHER THAN AUTO ONLY: EA ACC	$	
					AGG	$	
	EXCESS LIABILITY OCCUR CLAIMS MADE DEDUCTIBLE RETENTION $				EACH OCCURRENCE	$	
					AGGREGATE	$	
						$	
						$	
						$	
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY STOPGAP	P900002672	07/01/2012	07/01/2013	WC STATUTORY LIMITS / OTHER		
					E.L. EACH ACCIDENT	$	1,000,000
					E.L. DISEASE - EA EMPLOYEE	$	1,000,000
					E.L. DISEASE - POLICY LIMIT	$	1,000,000
B	OTHER						

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

SUBJECT TO THE PROVISIONS, CONDITIONS AND EXCLUSIONS OF THE POLICIES LISTED ABOVE, IT IS AGREED THAT THE CERTIFICATE HOLDER IS AN "ADDITIONAL INSURED" WITH RESPECTS TO:

CERTIFICATE HOLDER ADDITIONAL INSURED; INSURER LETTER: ____

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

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE Jerry W. Gladwell

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[redacted]

201238614408

Thursday, September 13, 2012
3:21 PM

WV SECRETARY OF STATE

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
William K. Bragg, Jr. 304-346-7000

B. SEND ACKNOWLEDGMENT TO: (Name and Address)
William K. Bragg, Jr.
Goodwin & Goodwin, LLP
300 Summers Street, Suite 1500
Charleston, WV 25301-1678

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME – insert only one debtor name (1a or 1b) – do not abbreviate or combine names

1a. ORGANIZATION'S NAME
Northern Jackson County Public Service District

OR

1b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

1c. MAILING ADDRESS: 39 Gilmore Drive
CITY: Sandyville
STATE: WV
POSTAL CODE: 25275
COUNTRY: USA

1d. TAX ID #: SSN OR EIN: 31 0903303
ADD'L INFO RE ORGANIZATION DEBTOR:
1e. TYPE OF ORGANIZATION: Public corporation
1f. JURISDICTION OF ORGANIZATION: West Virginia
1g. ORGANIZATIONAL ID #, if any: X NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME – insert only one debtor name (2a or 2b) – do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

2c. MAILING ADDRESS | CITY | STATE | POSTAL CODE | COUNTRY

2d. TAX ID #: SSN OR EIN
ADD'L INFO RE ORGANIZATION DEBTOR
2e. TYPE OF ORGANIZATION
2f. JURISDICTION OF ORGANIZATION
2g. ORGANIZATIONAL ID #, if any: ☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) – insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
West Virginia Water Development Authority, for the benefit of the West Virginia Infrastructure and Jobs Development Council

OR

3b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

3c. MAILING ADDRESS: 180 Association Drive
CITY: Charleston
STATE: WV
POSTAL CODE: 25311-1571
COUNTRY: USA

4. This FINANCING STATEMENT covers the following collateral:

Statutory mortgage lien on accounts, revenues, water system and other property as provided by Bond Resolution authorizing the issuance of $1,910,000 Northern Jackson County Public Service District, Water Revenue Bond, Series 2012 (West Virginia Infrastructure Fund), and by Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended.

This Financing Statement is filed in connection with a public-finance transaction of the Northern Jackson County Public Service District, Jackson County, West Virginia. Pursuant to the provisions of Section 46-9-515(b) of the Code of West Virginia of 1931, as amended, this financing statement shall be effective for a period of forty (40) years from its date of filing, unless the underlying debt is repaid sooner.

5. ALTERNATIVE DESIGNATION (if applicable): ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed [for record](or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA

COPY

AMENDED WATER PURCHASE AGREEMENT BETWEEN THE CITY OF RAVENSWOOD AND THE SILVERTON PSD

This Amended Contract for the sale and purchase of water is entered into this 16th day of December 2003, between the City of Ravenswood and the Silverton Public Service District ("Silverton PSD"),

WITNESSETH

WHEREAS, the Silverton Public Service District ("Silverton PSD") operates a water distribution system in Jackson County, West Virginia;

WHEREAS, the City of Ravenswood owns and operates a water supply and distribution system in the City of Ravenswood with potential excess capacity;

WHEREAS, on February 18, 1975, the parties executed a "Water Purchase Contract" for the purchase of water;

WHEREAS, Silverton PSD has submitted a written request to the City of Ravenswood seeking a commitment by the City of Ravenswood to provide the Silverton PSD with additional supplies of water, now and in the future;

WHEREAS, the staff of the West Virginia Public Service Commission ("WVPSC") has indicated its preference that the Silverton PSD obtain water from the City of Ravenswood in lieu of the construction of an independent water supply system;

WHEREAS, the request of the Silverton PSD will require certain improvements to the City of Ravenswood's water supply and distribution system that are properly attributable to both the Silverton PSD and the City of Ravenswood;

WHEREAS, two alternatives reflecting the total estimated cost of such improvements, properly attributable to the Silverton PSD and Ravenswood, pursuant to the request of the Silverton PSD, are set forth in an Engineering Report concerning "Water

System Improvements" prepared by Burgess & Niple, Limited, dated March, 2001 and revised on April 23, 2001("Engineering Report"), at Table 6, p. 15 ("Alternate 1") and Table 7, p. 16 ("Alternate 2");

WHEREAS, on June 5, 2001, the City of Ravenswood passed an Ordinance approving the execution of a new Water Purchase Contract with the Silverton PSD, contingent upon the agreement of the Silverton PSD to comply with certain requirements;

WHEREAS, since the Ordinance referred to above was enacted in 2001 to authorize a new Water Purchase Contract between the City of Ravenswood and Silverton PSD pursuant to Alternate 2 identified in the preceding paragraph, there have been certain changes to the assumptions upon which the June 5, 2001 Ordinance was based.

WHEREAS, the changed assumptions and revised projected water use rates are reflected in an Amended Engineering Report of May 30, 2003 that was provided to Silverton PSD (Table 6 and 7 of the Amended Engineering Report are attached and incorporated herein). The changed assumptions include the following:

1. Pending funding approvals, the United States Environmental Protection Agency has tentatively agreed to pay for all costs associated with the development of two new water wells, along with associated piping and controls, on property that the City has an option to purchase;

2. Burgess and Niple, Limited has prepared a revised cost estimate based upon a reduction of the original scope of the project, due to the elimination of the reinforcing mains (8 inch and 6 inch) within the Ravenswood distribution system;

3. The City of Ravenswood has completed the annexation of property owned by Ridge Line, Inc. and is obligated to provide all customers on that property with city water. This reduced the projected water usage by the Silverton PSD;

4. The parties have had additional discussions concerning allocation of project and cost and responsibilities, including the sharing of costs associated with construction of a new water main to the Silverton tank and the use of the water main from the Silverton tank to the annexed area referred to in subparagraph 3;

WHEREAS, the staff of the WVPSC has indicated that it will recommend approval of such rates as will allow the cost of the improvements to the City of Ravenswood's water supply and distribution system as reflected in the Amended Engineering Report, including those necessary to comply with the request of the Silverton PSD, to be passed on to the consumers of such water, and if usage is less than the projected amount, the WVPSC will modify the rates to allow the City to service its debt in accordance with the projections in the Amended Engineering Report;

WHEREAS, the water system improvements described in the Amended Engineering Report will benefit the citizens of the City of Ravenswood and customers of the Silverton PSD by ensuring the adequate availability of cost-efficient quantities of potable water;

WHEREAS, by Procedural Order dated December 4, 2003, the Public Service Commission ordered the parties to submit a signed "Water Purchase Contract," consistent with the May 29, 2003 letter and the October 7, 2003 Ordinance of the City of Ravenswood,

NOW, THEREFORE, the parties agree that in consideration of the foregoing and the mutual agreements hereinafter set forth:

1. The City of Ravenswood agrees to provide potable water to the Silverton PSD in the quantities stated herein, pursuant to the request of the Silverton PSD as follows:.

a. The City of Ravenswood will immediately provide to the Silverton PSD potable water meeting the standards of the West Virginia Bureau of Public Health in such quantity as may be required by the Silverton PSD not to exceed 6,150,000 gallons per month;

b. Upon completion of the two water supply wells funded by the USEPA, the City will immediately provide to the Silverton PSD potable water in such quantity as may be required by the Silverton PSD, not to exceed 8,150,000 gallons per month;

c. If and when Silverton PSD needs water supplies exceeding 8,150,000 gallons per month, the Silverton PSD will make a request to the City of Ravenswood for the provision of such additional water. At that time, the parties will negotiate in good faith to reach a supplemental agreement. If the parties are unable to reach an agreement with respect to the terms pursuant to which additional water will be provided to the Silverton PSD, the parties will make joint application to the WVPSC to request guidance concerning the obligations of the respective parties;

2. In consideration of the agreement of the City, the Silverton PSD agrees to support the request of the City of Ravenswood to the WVPSC to seek reimbursement for the improvements identified in the Amended Engineering Report of 2003, through water use rates charged to all water customers and allocated between the City of Ravenswood

and the Silverton PSD in accordance with the revised Table 7 of the Amended Engineering Report of May 30, 2003;

3. Both parties agree that if the City of Ravenswood shares the cost of the line to the Silverton tank on a pro rata basis consistent with the Amended Engineering Report of 2003, Ravenswood will be able to use the line from Silverton's tank to the annexed area, if feasible, at no cost. If this line is used by Ravenswood, any cost to upgrade this line in the future will be shared with Silverton PSD on a 50/50% cost basis. Finally, if this joint line is not used by the City of Ravenswood, the City of Ravenswood will lay a new line to the annexed area at no cost to Silverton PSD.

4. Pursuant to the request of the Silverton PSD, it is the intention of the City of Ravenswood to provide all necessary public water to the Silverton PSD. However, the City of Ravenswood has implemented the conditions set forth herein to address contingencies that may not be predicted at this time.

In witness Whereof, the parties, acting under the authority of their respective governing bodies, have caused this Amended Contract to be duly executed this 16th day of December, 2003

CITY OF RAVENSWOOD

By: Clair Roseberry

Clair Roseberry
Mayor

STATE OF WEST VIRGINIA,
COUNTY OF JACKSON, TO-WIT

The foregoing instrument was acknowledged before me this 16th day of December, 2003, by the CITY OF RAVENSWOOD, WEST VIRGINIA, by Clair Roseberry, its Mayor, whose name is signed to the foregoing writing, has this day acknowledged the same to be the act and deed of said corporation.

Given under my hand this 16th day of December, 2003.

My commission expires: January 26, 2004

Joan K. Turner
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JOAN K. TURNER
City of Ravenswood
212 Walnut Street
Ravenswood, West Virginia 26164
My Commission Expires Jan. 26, 2004

SILVERTON PUBLIC SERVICE DISTRICT

By: Frank A. Murrey
Frank Murrey
Chairman

STATE OF WEST VIRGINIA,
COUNTY OF JACKSON, TO-WIT

The foregoing instrument was acknowledged before me this 16th day of December, 2003, by the SILVERTON PUBLIC SERVICE DISTRICT OF JACKSON COUNTY, WEST VIRGINIA, by Frank Murrey, its Chairman, whose name is signed to the foregoing writing, has this day acknowledge the same to be the act and deed of the Silverton Public Service District.

Given under my hand this 16th day of December, 2003.

My Commission expires: March 20, 2006

Margie L. Flinn
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
MARGIE L. FLINN
710 McINTOSH AVENUE
RAVENSWOOD, WV 26164
My Commission Expires Mar. 20, 2006

Table 6
(Revised 5/30/03)
Construction and Project Cost Summary
Water System Improvements

Description	Cost
1. Water Supply Wells (2 wells at 250 gpm each)	
• Test Drilling and Well Development	$ ~~65,000~~
• Equip Well with Pump, Pitless Adapter & Vault	~~50,000~~
• Electrical and Controls	~~35,000~~
• Piping from Well Field to WTP (1,700 LF–8" Main)	~~55,000~~
2. Water Treatment Plant Improvements	
• Install Control Valve at High Lift Pumps	10,000*(B)*
• Air Stripper Enclosure (Pole Building Structure)	80,000*(B)*
• Construct WTP Expansion for Lab and Fluoride	100,000*(B)*
3. Clearwell (Chlorine Contact) Improvements	
• Install Internal Baffles (Fiberglass Sheets)	30,000*(B)*
• Construct Clearwell Expansion (Concrete Basin)	80,000*(B)*
4. Water Distribution (Transmission) Improvements	
• Water Main on Sycamore (1,200 LF-12" Main)	50,000*(B)*
• Water Main to Silverton Tank (1,800 LF-12" Main)	60,000*(B)*
5. Water Distribution System Improvements	
• Distribution System Upgrades per Master Plan	
– 2,500 LF of 10" Main *(to Hillcrest Tanks)*	90,000*(R)*
– ~~4,700 LF of 8" Main~~	~~150,000~~
– ~~2,600 LF of 6" Main~~	~~80,000~~
Subtotal Construction Cost	**$ 500,000**
Engineering	
Design	$ 80,000
Construction Services	35,000
Resident Project Representative	25,000
Legal	$ 14,000
Property Acquisition, Easements and Permits	$ 15,000
Subtotal Non-Construction Costs	**$ 169,000**
Project Contingency (10%)	**$ 67,000**
Total Estimated Project Cost	**$ 736,000**

(B) Indicates shared costs between Silverton and Ravenswood based upon allocation of water use.
(R) Indicates cost responsibility to be covered by City of Ravenswood.

Table 7
(Revised 5/30/03)
Funding Scenario
Proposed Water System Improvements

Water System Improvements	Annual Payment	Estimated Additional Cost Per 1,000 Gallons Sold
Project Financing - *$736,000 @ 3.0 % Interest, 20 Years*	*$ 56,900*[1]	
• Silverton Shared Cost *(25.2% of annual payment)*[2]	*$ 14,340*	*$ 0.24*
• Ravenswood Shared Cost (*74.8% of annual payment*)[3]	*42,560*	*0.31*

(1) *Based upon annual debt service of $49,500 plus 15% for debt service coverage.*
(2) *Based upon shared cost of 82 % of the project and total projected sales upon completion of Rt. 21 extension of 166,000 gpd, which is approximately 31 % of the total projected water sales for Silverton and Ravenswood of 540,000 gpd.*
(3) *Based on shared cost of 82 % of the project plus sole responsibility for the remaining 12 % of the project costs. Cost based upon Ravenswood projected water sales at 374,000 gpd.*

ARTICLE 13A

PUBLIC SERVICE DISTRICTS

Section

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

§ 16–13A–1. Legislative findings

The Legislature of the state of West Virginia hereby determines and finds that the present system of public service districts within the state has provided a valuable service at a reasonable cost to persons who would otherwise have been

unable to obtain public utility services. To further this effort, and to insure that all areas of the state are benefiting from the availability of public service district utility services and to further correct areas with health hazards, the Legislature concludes that it is in the best interest of the public to implement better management of public service district resources by expanding the ability and the authority of the public service commission to assist public service districts by offering advice and assistance in operational, financial and regulatory affairs.

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

Acts 1953, c. 147; Acts 1980, c. 60; Acts 1986, c. 81.

Cross References

County courts, authority to make grants for water and sewer systems, see § 7–1–3t.

Administrative Code References

Sewer utilities regulations, see W. Va. Code St. R. § 150–5–1 et seq.

Library References

Counties ⟹18.
Municipal Corporations ⟹5, 6.
Public Utilities ⟹145.
Westlaw Topic Nos. 104, 268, 317A.

C.J.S. Counties § 31.
C.J.S. Municipal Corporations § 11.
C.J.S. Public Utilities §§ 26 to 32, 159 to 167, 169 to 171, 177 to 178.

Notes of Decisions

In general 2
Admissibility of evidence 8
Construction and application 3
Costs 9
Creation and enforcement of liens 7
Eminent domain powers 4
Property of public service district 5
Rates and charges for service 6
Validity 1

---

1. Validity

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying water and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6,

§ 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⟹ 123(3); Statutes ⟹ 123(5)

Statute authorizing creation of public service districts violates no provision of State Constitution, nor is it violative of Fourteenth Amendment to United States Constitution. Act 1953, c. 147; U.S.C.A.Const. Amend. 14. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⟹ 4056; Municipal Corporations ⟹ 4

In statute authorizing creation of public service districts, provision for delinquent fixed rates and charges for services rendered to be lien on premises served was not unconstitutional as depriving owners of property without due process of law or as violating Fourteenth Amendment of United States Constitution or applicable provisions of State Constitution. Acts 1953, c. 147, § 1 et seq.; Const. art. 3, §§ 9, 10; U.S.C.A.Const. Amend. 14. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⟹ 4416; Municipal Corporations ⟹ 408(1)

Statute authorizing creation of public service districts does not, in so far as it requires County Court to define territory to be included in public service district and appoint a board to govern same in first instance, involve unconstitutional delegation of judicial functions to the County Court, Acts 1953, c. 147; Const. art. 8, § 24. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⟹ 2355; Municipal Corporations ⟹ 4

2. In general

A public service district may be created for the purpose of furnishing water or sewer services, or both water and sewer services. Code, 16–13A–1. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⟹ 5

Creation and operation of water or sanitary districts or authorities by issuance of revenue bonds payable from revenues are authorized. Code, 16–13A–1 et seq. State ex rel. Appalachian Power Co. v. Gainer, 1965, 143 S.E.2d 351, 149 W.Va. 740. Health ⟹ 369; Waters And Water Courses ⟹ 183.5

A county court may use Federal Revenue Sharing Funds for ordinary and necessary maintenance and operating expenses for sewage disposal, sanitation, and pollution abatement, and ordinary and necessary capital expenditures authorized by law but may not use such funds for matching purposes under any other federal-aid program. 55 W.Va. Op.Atty.Gen. 116 (June 27, 1973) 1973 WL 159152.

3. Construction and application

A public service district is a public corporation and does not come within constitutional provision which in substance provides that all corporations shall be created by general laws and which is applicable to private corporations. Acts 1953, c. 147, § 1 et seq.; Const. art. 11, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⟹ 80(3)

4. Eminent domain powers

Where notice, hearing and order with respect to creation of public service district considered only the question of furnishing water, such district was created only for the purposes of furnishing water services, and had no power to condemn real estate for sewerage facilities. Code, 16-13A–1, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Eminent Domain ⟹ 32

Condemnation by public service district is not a taking of private property for private use in violation of applicable constitutional provision. Const. art. 3, § 9. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Eminent Domain ⟹ 13

5. Property of public service district

Property of public service district is public property used for public purposes, and, under constitutional provision that public property shall be exempt from taxation, statute authorizing creation of public service districts and granting tax exemption was not violative of constitutional provision requiring that taxation be equal and uniform throughout state. Acts 1953, c. 147, § 1 et seq.; Const. art. 10, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Taxation ⟹ 2289

6. Rates and charges for service

Relief under Federal Securities Act of 1933 was not adequate or sufficient remedy for relief sought by corporations holding sewer revenue bonds of public service district in mandamus proceeding to compel district to establish and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariff reflecting such charges with Public Service Commission, and any relief afforded under provisions of federal statute could not supersede relief which could be granted in mandamus proceeding. Securities Act of 1933, § 1 et seq., 15 U.S.C.A. § 77a et seq.; Code, 16–13A–1 et seq. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⟹ 3(8)

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operation-

al and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⟹ 110

It was ministerial duty of chairman of public service board of public service district to sign revenue bonds and to assist in effectuating their issuance, and in view of constitutionality of statute authorizing creation of the public service board, relator's showing of legal right to require performance of such duty, was sufficient and writ of mandamus would issue. Acts 1953, c. 147. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Mandamus ⟹ 103

7. Creation and enforcement of liens

Public service district's failure to docket notice of lien prior to date purchaser recorded deed of trust prevented district from enforcing sewer lien against purchaser. Code, 16–13A–9, 38–10C–1. McClung Investments, Inc. v. Green Valley Community Public Service Dist., 1997, 485 S.E.2d 434, 199 W.Va. 490. Municipal Corporations ⟹ 712(7)

Public service district liens must be docketed to be enforceable against purchaser of property for valuable consideration, without notice. Code, 16–13A–9, 38–10C–1. McClung Investments, Inc. v. Green Valley Community Public Service Dist., 1997, 485 S.E.2d 434, 199 W.Va. 490. Gas ⟹ 14.6; Municipal Corporations ⟹ 712(7); Waters And Water Courses ⟹ 203(14)

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⟹ 222; Municipal Corporations ⟹ 225(1)

8. Admissibility of evidence

Extrinsic evidence relating to background and negotiations with regard to forming a public service district were not admissible in regard to construction of a contract for furnishing of water, where contract language was clear and unambiguous that district was to furnish water as customer should require. Berkeley County Public Service Dist. v. Vitro Corp. of America, 1968, 162 S.E.2d 189, 152 W.Va. 252. Evidence ⟹ 448

9. Costs

Costs of proceeding whereby constitutionality of statute authorizing creation of public service districts was tested would not be taxed against defendant who was chairman of public service board and who, honestly and in good faith, though mistakenly, endeavored to perform his duty in refusing to sign revenue bonds, and each litigant would pay his own costs. Acts 1953, c. 147. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Mandamus ⟹ 190

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

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

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

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

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

Acts 1986, c. 81.

Library References

Public Utilities ⟹145. Westlaw Topic No. 317A.

C.J.S. Public Utilities §§ 26 to 32, 159 to 167, 169 to 171, 177 to 178.

Notes of Decisions

In general 1

1. In general

Statute clearly and unambiguously gives Public Service Commission (PSC) power to reduce or increase utility rates whenever it finds that existing rate is unjust, unreasonable, insufficient, or unjustly discriminatory or otherwise in violation of any provision of legislation governing Commission. Code, 24–1–1 et seq., 24–2–3. State ex rel. Water Development Authority v. Northern Wayne County Public Service Dist., 1995, 464 S.E.2d 777, 195 W.Va. 135. Public Utilities ⟹ 123

Legislature sought to establish in Public Service Commission (PSC) governmental entity which would protect public from unfair rates and practices by public utilities and also ensure that public utilities are given competitive return for their stockholders. Code, 24–2–3. State ex rel. Water Development Authority v. Northern Wayne County Public Service Dist., 1995, 464 S.E.2d 777, 195 W.Va. 135. Public Utilities ⟹ 123; Public Utilities ⟹ 129

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

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

Acts 1986, c. 81; Acts 1994, c. 61.

Cross References

Public Service Commission, participation in studies, see § 24–1–1b.

Library References

Counties ⇐18, 47.
Westlaw Topic No. 104.
C.J.S. Counties §§ 31, 70 to 73.

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

Any territory constituting the whole or any part of one or more counties in the state so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying water, sewerage or stormwater services or gas distribution services or all of these within such territory, will be conducive to the preservation of the public health, comfort and convenience of such area, may be constituted a public service district under and in the manner provided by this article. The words "public service properties," when used in this article, shall mean and include any facility used or to be used for or in connection with: (1) The diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (herein sometimes referred to as "water facilities"); (2) the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (herein sometimes referred to as "sewer facilities" or "landfills"); (3) the distribution or the furnishing of natural gas to the public for industrial, public, private or other uses (herein sometimes referred to as "gas utilities or gas system"); or (4) the collection, control or disposal of stormwater (herein sometimes referred to as "stormwater system" or "stormwater systems"), or (5) the management, operation, maintenance and control of stormwater and stormwater systems (herein sometimes referred to as "stormwater management program" or "stormwater management programs"). As used in this article "stormwater system" or "stormwater systems" means a stormwater system in its entirety or any integral part thereof used to collect, control or dispose of stormwater, and includes all facilities, structures and natural water courses used for collecting and conducting stormwater to, through and from drainage areas to the points of final outlet including, but not limited to, any and all of the following: Inlets, conduits, outlets, channels, ponds, drainage easements, water quality facilities, catch basins, ditches, streams, gulches, flumes, culverts, siphons, retention or detention basins, dams, floodwalls, pipes, flood control systems, levies and pumping stations: Provided, That the term "stormwater system" or "stormwater systems" does not include highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways. As used in this article "stormwater management program" or "stormwater management programs" means those activities associated with the management, operation, maintenance and control of stormwater and stormwater systems, and includes, but is not limited to, public education, stormwater and surface runoff water quality improvement, mapping, planning, flood control, inspection, enforce-

ment and any other activities required by state and federal law: Provided, however, That the term "stormwater management program" or "stormwater management programs" does not include those activities associated with the management, operation, maintenance and control of highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia division of highways without the express agreement of the commissioner of highways.

Acts 1986, c. 81; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⟹18.
Gas ⟹12.
Municipal Corporations ⟹5, 6.
Waters and Water Courses ⟹183.5.
Westlaw Topic Nos. 104, 190, 268, 405.

C.J.S. Counties § 31.
C.J.S. Gas §§ 43 to 45.
C.J.S. Municipal Corporations § 11.
C.J.S. Waters §§ 483, 543 to 581.

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

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

except upon the adoption of a resolution of the governing body of the city, incorporated town or other municipal corporation consenting.

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

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

(d) In all cases where proceedings for the creation, enlargement, reduction, merger, dissolution or consolidation of the public service districts are initiated by petition as aforesaid, the person filing the petition shall advance or satisfactorily indemnify the payment of the cost and expenses of publishing the hearing notice, and otherwise the costs and expenses of the notice shall be paid in the first instance by the county commission out of contingent funds or any other funds available or made available for that purpose. In addition to the notice required herein to be published, there shall also be posted in at least five conspicuous places in the proposed public service district, a notice containing

the same information as is contained in the published notice. The posted notices shall be posted not less than ten days before the hearing.

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

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

(g) The county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where facilities, equipment, service or materials have not been extended, or dissolve the district if inactive or create or consolidate two or more such districts. If consolidation of districts is not feasible, the county commission may consolidate and centralize management and administration of districts within its county or multi-county area to achieve efficiency of operations: *Provided,* That where the county commission determines on its own motion by order entered of record, or there is a petition to enlarge the district, merge and consolidate districts, or the management and administration thereof, reduce the area of the district or dissolve the district if inactive, all of the applicable provisions of this article providing for hearing, notice of hearing and approval by the Public Service Commission shall apply. The Commission shall at all times attempt to bring about the enlargement or merger of existing public service districts in order to provide increased services and to eliminate the need for creation of new public service districts in those areas which are not currently serviced by a public service district: *Provided, however,* That where two or more public service districts are consolidated pursuant to this section, any rate differentials may continue for the period of bonded indebtedness incurred prior to consolidation. The districts may not enter into any agreement, contract or covenant that infringes upon, impairs, abridges or usurps the duties, rights or powers of the county commission, as set forth in this article, or conflicts with any provision of this article.

(h) A list of all districts and their current board members shall be filed by the county commission with the Secretary of State and the Public Service Commission by the first day of July of each year.

Acts 1953, c. 147; Acts 1965, c. 134; Acts 1967, c. 105; Acts 1975, c. 140; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1995, c. 125, eff. 90 days after March 11, 1995; Acts 2002, c. 272, eff. 90 days after March 9, 2002; Acts 2005, c. 195, eff. 90 days after April 9, 2005.

Library References

Counties ⟹47.
Municipal Corporations ⟹6.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 70 to 73.
C.J.S. Municipal Corporations § 11.

Notes of Decisions

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1. **Validity**

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying water and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6, § 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⟹ 123(3); Statutes ⟹ 123(5)

Statute authorizing creation of public service districts does not, in so far as it requires County Court to define territory to be included in public service district and appoint a board to govern same in first instance, involve unconstitutional delegation of judicial functions to the County Court, Acts 1953, c. 147; Const. art. 8, § 24.

State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⟹ 2355; Municipal Corporations ⟹ 4

2. Creation of public service districts

Where notice, hearing and order with respect to creation of public service district considered only the question of furnishing water, such district was created only for the purposes of furnishing water services, and had no power to condemn real estate for sewerage facilities. Code, 16-13A–1, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Eminent Domain ⟹ 32

Where public service district was created for purpose of furnishing water services, county court had authority to add sewerage services to the facilities of the district under appropriate proceedings. Code, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⟹ 270

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⟹ 222; Municipal Corporations ⟹ 225(1)

3. District boundaries

Public service district statute that allowed county commission to designate district's boundaries did not also empower commission to make service territories exclusive, displacing Public Service Commission's (PSC) authority to determine service rights. Code, 16–13A–2. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Counties ⟹ 47

4. Notice of hearing

Provisions of statute, with respect to creation of public service districts, which relate to the filing of the petition or motion of the county court, the description of the territory to be embraced, and like provisions are mandatory; but, despite use of the word "shall," the requirements for posting and publication of notice and the time of setting the hearing are directory and require only substantial compliance. Code, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⟹ 12(3); Municipal Corporations ⟹ 12(6)

Though record with respect to creation of public service district was silent with respect to posting of notice of hearing and as to whether hearing was not more than 40 nor less than 20 days after his fixing the date for hearing as provided by statute, there was substantial compliance with statute where hearing was set some time prior to the date of the hearing, there was publication of notice more than ten days prior to the date of the hearing as required, and there were no objections either before, during or after the hearing to the creation of the district or to the procedures employed in its creation. Code, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⟹ 12(6)

5. Number of voters within district

Public service district was not void because there were not 100 legal voters owning property within the district. Code, 16–13A–2. Canyon Public Service Dist. v. Tasa Coal Co., 1973, 195 S.E.2d 647, 156 W.Va. 606. Municipal Corporations ⟹ 6

6. Costs

Costs of proceeding whereby constitutionality of statute authorizing creation of public service districts was tested would not be taxed against defendant who was chairman of public service board and who, honestly and in good faith, though mistakenly, endeavored to perform his duty in refusing to sign revenue bonds, and each litigant would pay his own costs. Acts 1953, c. 147. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Mandamus ⟹ 190

7. Referendum

A public service district, once created by county court, not subject to referendum on issue to continue or be abolished. 52 W.Va. Op.Atty. Gen. 33 (August 11, 1966) 1966 WL 87428.

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

From and after the date of the adoption of the order creating any public service district, it is a public corporation and political subdivision of the state, but without any power to levy or collect ad valorem taxes. Each district may acquire, own and hold property, both real and personal, in its corporate name, and may sue, may be sued, may adopt an official seal and may enter into

contracts necessary or incidental to its purposes, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing wholesale supply of water for the distribution system of the city, town or other municipal corporation, or for furnishing stormwater services for the city, town or other municipal corporation, and contract for the operation, maintenance, servicing, repair and extension of any properties owned by it or for the operation and improvement or extension by the district of all or any part of the existing municipally owned public service properties of any city, incorporated town or other municipal corporation included within the district: Provided, That no contract shall extend beyond a maximum of forty years, but provisions may be included therein for a renewal or successive renewals thereof and shall conform to and comply with the rights of the holders of any outstanding bonds issued by the municipalities for the public service properties.

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

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

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

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

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

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

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

Any vacancy shall be filled for the unexpired term within thirty days, otherwise successor members of the board shall be appointed for terms of six

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

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

The members of the board, and the chair, secretary and treasurer thereof, shall make available to the county commission, at all times, all of its books and records pertaining to the district's operation, finances and affairs, for inspection and audit. The board shall meet at least monthly.

Acts 1953, c. 147; Acts 1965, c. 134; Acts 1971, c. 72; Acts 1981, c. 124; Acts 1983, c. 166; Acts 1986, c. 81; Acts 1994, c. 61; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Law Review and Journal Commentaries

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

"Yes, West Virginia, there is a special priority for the purchase money mortgage:" The recognition of purchase money mortgage priority in West Virginia. Abraham M. Ashton, 107 W. Va. L. Rev. 525 (2005).

Library References

Counties ⟹18.
Municipal Corporations ⟹6.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 31.
C.J.S. Municipal Corporations § 11.

Notes of Decisions

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Removal of members 4
Sale of water 6
Standard of care 2
Tort Claims Act 7

1. **In general**

Board members of the Mt. Zion Public Service District cannot be compensated for performing the duties of treasurer and/or secretary

for the Mt. Zion Public Service District; furthermore, a board member may not be compensated for reading meters for the Mt. Zion Public Service District. 63 W.Va. Op.Atty.Gen. 2 (July 14, 1988) 1988 WL 483329.

2. Standard of care

Public service district owes duty of reasonable care to avoid damage to property of others with respect to maintenance of water lines. McCloud v. Salt Rock Water Public. Service Dist., 2000, 533 S.E.2d 679, 207 W.Va. 453. Waters And Water Courses ⟹ 205

3. Ministerial officers, generally

Public policy of West Virginia, as evidenced by statute making it unlawful for county or district board member or officer to be or become pecuniarily interested in proceeds of any contract or service over which he might have any voice, influence, or control, is not directed against actual fraud or collusion but is for purpose of preventing those acts and eliminating any opportunity therefor, and purpose of statute is to protect public funds and give official recognition to fact that person cannot properly represent public in transacting business with himself. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Courts ⟹ 55; Judges ⟹ 21

4. Removal of members

Public Service District board member can be removed by majority vote of registered voters. 51 W.Va. Op.Atty.Gen. 564 (November 10, 1965) 1965 WL 92492.

5. Criminal responsibility of members

County commissioner's conviction for being or becoming pecuniarily interested in contract over which he might have some voice or influence was supported by evidence of his continued performance of contract maintenance work for public service district after his election to commission. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⟹ 60

6. Sale of water

Public Service Districts may sell, at wholesale, bulk water to other municipal corporations. 51 W.Va. Op.Atty.Gen. 739 (March 16, 1966) 1966 WL 87469.

7. Tort Claims Act

Tort Claims Act's protection extended to public service districts, under the Act's definition of political subdivision, which included the term "public service districts," despite general authorization for public service districts to "sue and be sued," in the Public Health statutes. Zirkle v. Elkins Road Public Service Dist., 2007, 655 S.E.2d 155. Waters And Water Courses ⟹ 183.5

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

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

Acts 1963, c. 75; Acts 1971, c. 72; Acts 1981, c. 124; Acts 1986, c. 81.

Library References

Counties ⟹45.
Public Utilities ⟹145.
Westlaw Topic Nos. 104, 317A.

C.J.S. Counties § 67.
C.J.S. Public Utilities §§ 26 to 32, 159 to 167, 169 to 171, 177 to 178.

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Ministerial officers, generally 2
Sufficiency of evidence 3

1. Criminal responsibility of members

Upon becoming member of county commission, person who is pecuniarily interested in proceeds of any contract or service with public service district violates criminal conflict of interest statute; by virtue of that position, that person has some voice, influence, or control over continuation of contract. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⟹ 60

2. Ministerial officers, generally

Public policy of West Virginia, as evidenced by statute making it unlawful for county or district board member or officer to be or become pecuniarily interested in proceeds of any contract or service over which he might have any voice, influence, or control, is not directed against actual fraud or collusion but is for purpose of preventing those acts and eliminating any opportunity therefor, and purpose of statute is to protect public funds and give official recognition to fact that person cannot properly represent public in transacting business with himself. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Courts ⟹ 55; Judges ⟹ 21

3. Sufficiency of evidence

County commissioner's conviction for being or becoming pecuniarily interested in contract over which he might have some voice or influence was supported by evidence of his continued performance of contract maintenance work for public service district after his election to commission. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⟹ 60

Conflict of interest indictment against county commissioner was sufficient even though it did not characterize commissioner's interest as pecuniary, and commissioner was not entitled to bill of particulars. Code, 61–10–15. State v. Neary, 1987, 365 S.E.2d 395, 179 W.Va. 115. Counties ⟹ 60

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

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

(b) Salaries of the board members are:

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

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

(3) For districts with two thousand customers or more, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five

dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

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

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

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

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

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

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

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

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

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

(e) The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings may be called. Public notice of meetings shall be given in accordance with section three, article nine-a, chapter six of this code. Emergency meetings may be called as provided for by said section. A majority of the members constituting the board also constitute a quorum to do business.

(f) The members of the board are not personally liable or responsible for any obligations of the district or the board, but are answerable only for willful

misconduct in the performance of their duties. The county commission which created a district or county commissions if more than one created the district may, upon written request of the district, adopt an order changing the official name of a public service district: *Provided*, That such name change will not be effective until approved by the public service commission of West Virginia and the owners of any bonds and notes issued by the district, if any, shall have consented, in writing, to the name change. If a district includes territory located in more than one county, the county commission or county commissions changing the name of the district shall provide any county commission into which the district also extends with a certified copy of the order changing the name of the district. The official name of any district created under the provisions of this article may contain the name or names of any city, incorporated town or other municipal corporation included therein or the name of any county or counties in which it is located.

Acts 1953, c. 147; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2000, c. 199, eff. 90 days after March 11, 2000; Acts 2005, c. 196, eff. 90 days after April 8, 2005.

Library References

Counties ⟹68, 87.
Municipal Corporations ⟹161.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 107 to 118, 128.
C.J.S. Municipal Corporations §§ 372 to 390.

Notes of Decisions

In general 1

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1. In general

Board members of the Mt. Zion Public Service District cannot be compensated for performing the duties of treasurer and/or secretary for the Mt. Zion Public Service District; furthermore, a board member may not be compensated for reading meters for the Mt. Zion Public Service District. 63 W.Va. Op.Atty.Gen. 2 (July 14, 1988) 1988 WL 483329.

§ 16–13A–5. General manager of board

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

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

The board of any public service district which purchases water, sewer or stormwater service from a municipal water, sewer or stormwater system or

another public service district may, as an alternative to hiring its own general manager, elect to permit the general manager of the municipal water, sewer or stormwater system or public service district from which such water, sewer or stormwater service is purchased provide professional management to the district, if the appropriate municipality or public service board agrees to provide such assistance. The general manager shall receive reasonable compensation for such service.

Acts 1953, c. 147; Acts 1981, c. 124; Acts 1986, c. 81; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⟹65, 68.
Municipal Corporations ⟹149, 161.
Westlaw Topic Nos. 104, 268.
C.J.S. Counties §§ 101 to 103, 107 to 118.
C.J.S. Municipal Corporations §§ 361 to 366, 368, 372 to 390.

§ 16–13A–6. Employees of board

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

Acts 1953, c. 147; Acts 1981, c. 124.

Library References

Counties ⟹65, 68, 87.
Municipal Corporations ⟹149, 161, 170.
Westlaw Topic Nos. 104, 268.
C.J.S. Counties §§ 101 to 103, 107 to 118, 128.
C.J.S. Municipal Corporations §§ 361 to 366, 368, 372 to 405.

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

The board of such districts shall have the supervision and control of all public service properties acquired or constructed by the district, and shall have the power, and it shall be its duty, to maintain, operate, extend and improve the same, including, but not limited to, those activities necessary to comply with all federal and state requirements, including water quality improvement activities. All contracts involving the expenditure by the district of more than fifteen thousand dollars for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provision of article three, chapter fifty-nine of this code, and the publication area for such publication shall be as specified in section two of this article in the county or counties in which the district is located. The publication shall not be less than ten days prior to the making of any such contract. To the extent allowed by law, in-state contractors shall be given first priority in awarding public service district contracts. It shall be the duty of the board to ensure that local in-state labor shall be utilized to the greatest extent

possible when hiring laborers for public service district construction or maintenance repair jobs. It shall further be the duty of the board to encourage contractors to use American made products in their construction to the extent possible. Any obligations incurred of any kind or character shall not in any event constitute or be deemed an indebtedness within the meaning of any of the provisions or limitations of the constitution, but all such obligations shall be payable solely and only out of revenues derived from the operation of the public service properties of the district or from proceeds of bonds issued as hereinafter provided. No continuing contract for the purchase of materials or supplies or for furnishing the district with electrical energy or power shall be entered into for a longer period than fifteen years.

Acts 1953, c. 147; Acts 1967, c. 105; Acts 1981, c. 124; Acts 1982, c. 24; Acts 1986, c. 81; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⟹107.
Municipal Corporations ⟹711.
Public Utilities ⟹114.
Westlaw Topic Nos. 104, 268, 317A.

C.J.S. Counties § 147.
C.J.S. Municipal Corporations § 1535.
C.J.S. Public Utilities §§ 5 to 9, 202 to 207.

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

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

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

and in accordance with the ordinance, resolution or other proceedings which authorize the issuance of such revenue bonds or obligations.

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

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

Acts 1953, c. 147; Acts 1980, c. 60; Acts 1981, c. 124; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⇐103, 104.
Eminent Domain ⇐6, 16.
Municipal Corporations ⇐221, 224.
Westlaw Topic Nos. 104, 148, 268.

C.J.S. Counties §§ 143 to 144, 147.
C.J.S. Municipal Corporations §§ 873 to 880.
C.J.S. Property § 17.

Notes of Decisions

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Public corporation 7
Validity 1
Valuation of property 4

1. Validity

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying wa-

ter and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6, § 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⟹ 123(3); Statutes ⟹ 123(5)

Property of public service district is public property used for public purposes, and, under constitutional provision that public property shall be exempt from taxation, statute authorizing creation of public service districts and granting tax exemption was not violative of constitutional provision requiring that taxation be equal and uniform throughout state. Acts 1953, c. 147, § 1 et seq.; Const. art. 10, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Taxation ⟹ 2289

2. In general

Statute providing that private property may be taken or damaged for a number of specified purposes amounts to legislative declaration of public purposes within meaning of laws, and it is a judicial question whether such declaration is consonant with organic law. Acts 1949, c. 59; Const. art. 3, § 9. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⟹ 2510

3. Eminent domain powers

Although construction of new facility proposed by utility will often require taking of private property through eminent domain, absent express statutory language Public Service Commission (PSC) has no duty to review and decide issues that are inherent in eminent domain proceeding. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Public Utilities ⟹ 114

Statute providing that private property may be taken or damaged for a number of specified purposes is consonant with organic law and is constitutional. Acts 1949, c. 59; Const. art. 3, § 9. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Eminent Domain ⟹ 3

4. Valuation of property

Although landowner is competent to give estimate of value of property in eminent domain proceeding, that valuation is not conclusive; government agency may rely on appraisal report concerning estimated value of property to be taken. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Evidence ⟹ 568(4)

5. Environmental assessment

Whether construction of sewage lagoons would constitute "nuisance" does not defeat Public Service Commission's (PSC) jurisdiction to issue certificate of public convenience and necessity; while PSC may assess environmental considerations, chief inquiry by PSC is need of public for project. Code, 24–2–11. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Municipal Corporations ⟹ 708

6. Connections with sewers or drains

City, rather than sewer and water districts, was entitled to provide sewer and water services to newly developed tract that was within districts' boundaries, but was annexed to city, where such services were not previously furnished to tract. Code, 16–13A–8. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⟹ 712(1); Waters And Water Courses ⟹ 201

If a tract of real estate located within a public service district has been annexed into a municipality, then, as between the municipality and the public service district, the municipality has the superior right to extend water and/or sewer service which were not being previously furnished to the tract by the public service district, and under those circumstances, a public service district would need the consent of the municipality and the Public Service Commission (PSC) in order to provide such service. Code, 16–13A–8. Berkeley County Public Service Sewer Dist. v. West Virginia Public Service Com'n, 1998, 512 S.E.2d 201, 204 W.Va. 279. Municipal Corporations ⟹ 712(1); Waters And Water Courses ⟹ 201; Waters And Water Courses ⟹ 202

7. Public corporation

A public service district is a public corporation and does not come within constitutional provision which in substance provides that all corporations shall be created by general laws and which is applicable to private corporations. Acts 1953, c. 147, § 1 et seq.; Const. art. 11, § 1. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⟹ 80(3)

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

(a)(1) The board may make, enact and enforce all needful rules in connection with the acquisition, construction, improvement, extension, management,

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) All delinquent fees, rates and charges of the district for either water facilities, sewer facilities, gas facilities or stormwater systems or stormwater management programs are liens on the premises served of equal dignity, rank and priority with the lien on the premises of state, county, school and munici-

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

(g) Anything in this section to the contrary notwithstanding, any establishment, as defined in section three, article eleven, chapter twenty-two, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the division of environmental protection, as prescribed by section eleven, article eleven, chapter twenty-two of this code, is exempt from the provisions of this section.

Acts 1953, c. 147; Acts 1965, c. 134; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1989, c. 174; Acts 1994, c. 61; Acts 2002, c. 272, eff. 90 days after March 9, 2002; Acts 2003, c. 183, eff. 90 days after March 8, 2003.

Law Review and Journal Commentaries

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

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Library References

Gas ⟹14.6.
Municipal Corporations ⟹712.
Waters and Water Courses ⟹203.
Westlaw Topic Nos. 190, 268, 405.

C.J.S. Gas §§ 64, 84 to 85.
C.J.S. Municipal Corporations § 1535.
C.J.S. Waters §§ 483, 666 to 732.

Notes of Decisions

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Validity 1

1. Validity

In statute authorizing creation of public service districts, provision for delinquent fixed rates and charges for services rendered to be lien on premises served was not unconstitutional as depriving owners of property without due process of law or as violating Fourteenth Amendment of United States Constitution or applicable provisions of State Constitution. Acts 1953, c. 147, § 1 et seq.; Const. art. 3, §§ 9, 10; U.S.C.A.Const. Amend. 14. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⟹ 4416; Municipal Corporations ⟹ 408(1)

2. Takings

Public service district's requiring property owner to connect onto its sewer system and to abandon private sewer system located on property was not a taking of private property without just compensation. Const. Art. 3, § 9; Code, 16–13A–9; U.S.C.A. Const.Amend. 5. Kingmill Valley Public Service Dist. v. River-

view Estates Mobile Home Park, Inc., 1989, 386 S.E.2d 483, 182 W.Va. 116. Eminent Domain ⟹ 2.18

Statute providing that private property may be taken or damaged for a number of specified purposes amounts to legislative declaration of public purposes within meaning of laws, and it is a judicial question whether such declaration is consonant with organic law. Acts 1949, c. 59; Const. art. 3, § 9. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⟹ 2510

3. Public service district liens

Public service district liens must be docketed to be enforceable against purchaser of property for valuable consideration, without notice. Code, 16–13A–9, 38–10C–1. McClung Investments, Inc. v. Green Valley Community Public Service Dist., 1997, 485 S.E.2d 434, 199 W.Va. 490. Gas ⟹ 14.6; Municipal Corporations ⟹ 712(7); Waters And Water Courses ⟹ 203(14)

Public service district's failure to docket notice of lien prior to date purchaser recorded deed of trust prevented district from enforcing sewer lien against purchaser. Code, 16–13A–9, 38–10C–1. McClung Investments, Inc. v. Green Valley Community Public Service Dist., 1997, 485 S.E.2d 434, 199 W.Va. 490. Municipal Corporations ⟹ 712(7)

If owner, tenant or occupant of garage apartment did not receive notice that public service district's sewer facilities were available for apartment, district would have been without statutory authority to impose charges and a lien against apartment for sewer services, though the apartment was on a lot containing another dwelling which was properly subject to sewer service charges. Code, 16–13A–9, 16–13A–21. Rhodes v. Malden Public Service Dist., 1983, 301 S.E.2d 601, 171 W.Va. 645. Municipal Corporations ⟹ 712(7)

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⟹ 222; Municipal Corporations ⟹ 225(1)

4. Rates and charges for service

Statute clearly and unambiguously gives Public Service Commission (PSC) power to reduce or increase utility rates whenever it finds that existing rate is unjust, unreasonable, insufficient, or unjustly discriminatory or otherwise in violation of any provision of legislation governing Commission. Code, 24–1–1 et seq., 24–2–3. State ex rel. Water Development Authority v. Northern Wayne County Public Service Dist., 1995, 464 S.E.2d 777, 195 W.Va. 135. Public Utilities ⟹ 123

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⟹ 110

Duty imposed on public service district, a public corporation and political subdivision of state, to establish rates and charges sufficient to pay cost of maintenance, operation and depreciation of properties of district and principal of and interest on all bonds issued by district is nondiscretionary duty which may be enforced by mandamus. Code, 16–13A–9. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⟹ 80

5. Notice of availability of sewer service

Issue of fact as to whether owner or tenant had received notice that public service district's sewer services were available for garage apartment, so as to allow imposition of sewer service charges and a lien against apartment, was not appropriate for resolution in mandamus proceeding. Code, 16–13A–9, 16–13A–21. Rhodes v. Malden Public Service Dist., 1983, 301 S.E.2d 601, 171 W.Va. 645. Mandamus ⟹ 174

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

No public service district shall foreclose upon the premises served by such district for delinquent fees, rates or charges for which a lien is authorized by sections nine or nineteen of this article except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the district lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that

the district prior to the bringing of such action had exhausted all other remedies for the collection of debts with respect to such delinquencies. In no event shall foreclosure procedures be instituted by any such district or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought.

Acts 1982, c. 74.

Library References

Gas ⟹14.6.
Municipal Corporations ⟹712.
Waters and Water Courses ⟹203.
Westlaw Topic Nos. 190, 268, 405.

C.J.S. Gas §§ 64, 84 to 85.
C.J.S. Municipal Corporations § 1535.
C.J.S. Waters §§ 483, 666 to 732.

§ 16–13A–10. Budget

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

Acts 1953, c. 147; Acts 1981, c. 124.

Library References

Counties ⟹154.5.
Municipal Corporations ⟹879.
Westlaw Topic Nos. 104, 268.

C.J.S. Municipal Corporations §§ 1621 to 1622.

Notes of Decisions

In general 1

1. In general

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⟹ 110

§ 16–13A–11. Accounts; audit

The general manager, under direction of the board, shall install and maintain a proper system of accounts, in accordance with all rules, regulations or orders

pertaining thereto by the public service commission, showing receipts from operation and application of the same, and the board shall at least once a year cause such accounts to be properly audited: Provided, That such audit may be any audit by an independent public accountant completed within one year of the time required for the submission of the report: Provided, however, That if the district is required to have its books, records and accounts audited annually by an independent certified public accountant as a result of any covenant in any board resolution or bond instrument, a copy of such audit may be submitted in satisfaction of the requirements of this section, and is hereby found, declared and determined to be sufficient to satisfy the requirements of article nine, chapter six of this code pertaining to the annual audit report by the state tax commission. A copy of the audit shall be forwarded within thirty days of submission to the county commission and to the public service commission.

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

Acts 1953, c. 147; Acts 1981, c. 124; Acts 1986, c. 81.

Library References

Counties ⟹154.5.
Municipal Corporations ⟹879.
Westlaw Topic Nos. 104, 268.

C.J.S. Municipal Corporations §§ 1621 to 1622.

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

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

Acts 1953, c. 147; Acts 1981, c. 124.

Library References

Counties ⟹158.
Municipal Corporations ⟹883.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 198.
C.J.S. Municipal Corporations §§ 1626, 1635.

§ 16–13A–13. Revenue bonds

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

Acts 1953, c. 147; Acts 1970, c. 11; Acts 1970, c. 12; Acts 1970, 1st Ex. Sess., c. 2; Acts 1980, c. 33; Acts 1981, 1st Ex. Sess., c. 2; Acts 1989, c. 174.

Library References

Counties ⟹174.
Municipal Corporations ⟹911.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1647 to 1649.

Notes of Decisions

In general 1

1. In general

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⟹ 110

Two acts amending same Code section in same manner except as to maximum interest rate of bonds, enacted on same date at same legislative session, and impossible to determine which passed after the other, that having lower maximum interest rate will govern. 53 W.Va. Op.Atty.Gen. 418 (April 8, 1970) 1970 WL 116579.

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

The cost of any public service properties acquired under the provisions of this article shall be deemed to include the cost of the acquisition or construction thereof, the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; for stormwater systems and associated stormwater management programs, those activities which include, but are not limited to, water quality improvement activities necessary to comply with all federal and state requirements; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of cost and of revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the construction or acquisition of the properties and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof.

Acts 1953, c. 147; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⟹154.5.
Municipal Corporations ⟹879.
Westlaw Topic Nos. 104, 268.

C.J.S. Municipal Corporations §§ 1621 to 1622.

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

In the discretion and at the option of the board such bonds may be secured by a trust indenture by and between the district and a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the State of West Virginia, but no such trust indenture shall convey, mortgage or create any lien upon the public service properties or any part thereof. The resolution authorizing the bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of bondholders as may be reasonable

and proper, not in violation of law, including covenants setting forth the duties of the district and the members of its board and officers in relation to the construction or acquisition of public service properties and the improvement, extension, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that all or any part of the construction work shall be contracted for, constructed and paid for, under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, their successors, assignees or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the public service properties or other money pertaining thereto be satisfactory to such purchasers, their successors, assignees or nominees. Such indenture may set forth the rights and remedies of the bondholders and such trustee.

Acts 1953, c. 147.

Library References

Counties ⟹183.
Municipal Corporations ⟹950(15).
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 222.
C.J.S. Municipal Corporations §§ 1708 to 1709.

United States Code Annotated

Trust Indenture Act of 1939, see 15 U.S.C.A. § 77aaa et seq.

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

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

Acts 1953, c. 147.

Library References

Counties ⟹186.5.
Municipal Corporations ⟹951.
Westlaw Topic Nos. 104, 268.

C.J.S. Municipal Corporations §§ 1704 to 1705.

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

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

Acts 1953, c. 147.

Library References

Counties ⟹188.
Municipal Corporations ⟹937, 955.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 226.
C.J.S. Municipal Corporations §§ 1707, 1711.

Notes of Decisions

In general 1

1. In general

Corporations holding sewer revenue bonds of public service district, a public corporation and political subdivision of state, had right by mandamus to enforce and compel district and members of the Public Service Board to establish, charge and collect rates for services rendered by district sufficient to provide for all operational and maintenance expenses, to pay, when due, principal and interest of revenue bonds issued by district, and to file tariffs reflecting such charges with Public Service Commission. Code, 16–13A–1 et seq., 16–13A–9, 16–13A–10, 16–13A–13, 16–13A–17. State ex rel. Allstate Ins. Co. v. Union Public Service Dist., 1966, 151 S.E.2d 102, 151 W.Va. 207. Mandamus ⟹ 110

§ 16–13A–18. Operating contracts

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

Acts 1953, c. 147.

Library References

Counties ⟹114.
Municipal Corporations ⟹328.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 161.
C.J.S. Municipal Corporations §§ 1027 to 1029.

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

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

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

Acts 1963, c. 75; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1997, c. 160, eff. 90 days after April 10, 1997; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⟹110.
Municipal Corporations ⟹225.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 147.
C.J.S. Municipal Corporations §§ 882 to 892.

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

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

Acts 1953, c. 147.

Library References

Counties ⟹188.
Municipal Corporations ⟹937, 955.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 226.
C.J.S. Municipal Corporations §§ 1707, 1711.

Notes of Decisions

In general 1

1. In general

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⟹ 222; Municipal Corporations ⟹ 225(1)

§ 16–13A–20. Refunding revenue bonds

The board of any district having issued bonds under the provisions of this article is hereby empowered thereafter by resolution to issue refunding bonds of such district for the purpose of retiring or refinancing such outstanding

bonds, together with any unpaid interest thereon and redemption premium thereunto appertaining and all of the provisions of this article relating to the issuance, security and payment of bonds shall be applicable to such refunding bonds, subject, however, to the provisions of the proceedings which authorized the issuance of the bonds to be so refunded.

Acts 1953, c. 147.

Library References

Counties ⟹175.
Municipal Corporations ⟹913.
Westlaw Topic Nos. 104, 268.
C.J.S. Counties § 218.
C.J.S. Municipal Corporations §§ 1647 to 1648, 1651.

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

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

Acts 1953, c. 147; Acts 1986, c. 81; Acts 1994, c. 61.

Library References

Counties ⟹18.
Municipal Corporations ⟹5.
Taxation ⟹2316, 3519.
Westlaw Topic Nos. 104, 268, 371.
C.J.S. Counties § 31.
C.J.S. Municipal Corporations § 11.

Notes of Decisions

In general 2
Validity 1

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1. Validity

Statute authorizing creation of public service districts violates no provision of State Constitution, nor is it violative of Fourteenth Amendment to United States Constitution. Act 1953, c. 147; U.S.C.A.Const. Amend. 14. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⟹ 4056; Municipal Corporations ⟹ 4

Statute authorizing creation of public service districts does not, in so far as it requires County Court to define territory to be included in public service district and appoint a board to govern same in first instance, involve unconstitutional

delegation of judicial functions to the County Court, Acts 1953, c. 147; Const. art. 8, § 24. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Constitutional Law ⟹ 2355; Municipal Corporations ⟹ 4

2. In general

Statute authorizing creation of public service districts confers upon public service board authority to create mortgage lien on the property of public service district, and action of legislature conferring such authority was within the legislature's power. Acts 1953, c. 147; Const. art. 10, § 8. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Municipal Corporations ⟹ 222; Municipal Corporations ⟹ 225(1)

Title of act authorizing creation of public service districts in connection with acquisition, construction, maintenance, operation, improvement and extension of properties supplying water and sewerage services, clearly defines object and purposes of act and powers of governing board, and is sufficient to meet constitutional requirements. Acts 1953, c. 147; Const. art. 6, § 30. State ex rel. McMillion v. Stahl, 1955, 89 S.E.2d 693, 141 W.Va. 233. Statutes ⟹ 123(3); Statutes ⟹ 123(5)

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

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

Acts 1958, c. 14; Acts 1960, c. 19.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

Library References

Counties ⟹18.
Municipal Corporations ⟹5.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties § 31.
C.J.S. Municipal Corporations § 11.

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

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

Acts 1958, c. 14; Acts 1960, c. 19; Acts 1965, c. 134.

W.Va. Const., art. IX, § 9, redesignated the office of the county court as county commission.

Library References

Counties ⟹47.
Municipal Corporations ⟹166.
Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 70 to 73.
C.J.S. Municipal Corporations §§ 369 to 371.

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

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

advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument.

Acts 1958, c. 14; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 118; Acts 2002, c. 272, eff. 90 days after March 9, 2002.

Library References

Counties ⟹149.
Municipal Corporations ⟹864(3).
Westlaw Topic Nos. 104, 268.

C.J.S. Counties §§ 185, 187.
C.J.S. Municipal Corporations §§ 1583 to 1585, 1587.

Notes of Decisions

In general 1

1. **In general**

The borrowing by PSD's of money from counties and/or municipalities, as evidenced by a note, is permissible borrowing under this section. 62 W.Va. Op.Atty.Gen. 27 (May 6, 1988) 1988 WL 483331.

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

(a) Notwithstanding any other provisions of this article to the contrary, a public service district may not borrow money, enter into contracts for the provision of engineering, design or feasibility studies, issue or contract to issue revenue bonds or exercise any of the powers conferred by the provisions of section thirteen, twenty or twenty-four of this article without the prior consent and approval of the Public Service Commission: *Provided*, That approval of funding set forth in section eleven, article two, chapter twenty-four of this code or this section is not required if the funding is for a project which has received a certificate of public convenience and necessity after the eighth day of July, two thousand five, from the commission and where the cost of the project changes but the change does not affect the rates established for the project.

(b) The Public Service Commission may waive the provision of prior consent and approval for entering into contracts for engineering, design or feasibility studies pursuant to this section for good cause shown which is evidenced by the public service district filing a request for waiver of this section stated in a letter directed to the commission with a brief description of the project, a verified statement by the board members that the public service district has complied with chapter five-g of this code, and further explanation of ability to evaluate their own engineering contract, including, but not limited to:

(1) Experience with the same engineering firm; or

(2) Completion of a construction project requiring engineering services. The district shall also forward an executed copy of the engineering contract to the commission after receiving approval of the waiver.

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

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

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

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

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

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

(e) Unless the properties to be constructed or acquired represent ordinary extensions or repairs of existing systems in the usual course of business, a public service district must first obtain a certificate of public convenience and necessity from the Public Service Commission in accordance with the provision of chapter twenty-four of this code when a public service district is seeking to acquire or construct public service property.

Acts 1969, 1st Ex. Sess., c. 6; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1996, c. 213, eff. 90 days after March 9, 1996; Acts 1997, c. 159, eff. 90 days after April 12, 1997; Acts 2003, c. 184, eff. 90 days after March 7, 2003; Acts 2005, c. 193, eff. 90 days after April 9, 2005; Acts 2006, c. 190, eff. 90 days after March 10, 2006.

Library References

Counties ⟹114.
Municipal Corporations ⟹270.
Public Utilities ⟹145.
Westlaw Topic Nos. 104, 268, 317A.

C.J.S. Counties § 161.
C.J.S. Public Utilities §§ 26 to 32, 159 to 167, 169 to 171, 177 to 178.

Research References

ALR Library

101 ALR 5th 287, Remedies for Sewage Treatment Plant Alleged or Deemed to be Nuisance.

Notes of Decisions

In general 1
Certificate of public convenience and necessity 2

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1. In general

Proposed sewage treatment project complied with buffer zone requirements where all parties acknowledged that distance of proposed sewage lagoons from property owners' home was further than minimum buffer-zone requirement of 300 feet; Public Service Commission relied on ample evidence in record to support claim that proposed location was both cost-effective and environmentally sound. Code, 16–13A–25, 24–2–11, 24–2–11(a). Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Municipal Corporations ⟹ 708

2. Certificate of public convenience and necessity

Public Service district must obtain certificate of public convenience and necessity before it can acquire or construct public service property. Code, 16–13A–25. Sexton v. Public Service Com'n, 1992, 423 S.E.2d 914, 188 W.Va. 305. Public Utilities ⟹ 113

Protection or the Environmental Quality Board and the authority provided herein to establish, maintain and collect rates, fees or charges is an additional and alternative method of financing such works and matters, and is independent of any other provision of this article insofar as the article provides for or requires the issuance of revenue bonds or the imposition of rates, fees and charges in connection with the bonds: *Provided*, That except for the method of financing such works and matters, the construction, acquisition, improvement, equipment, custody, operation, repair and maintenance of any plants, machinery or works in compliance with an order of the Secretary of the Department of Environmental Protection or the Environmental Quality Board and the rights, powers and duties of the municipality and the respective officers and departments thereof, including the sanitary board, are governed by the provisions of this article.

(k) The jurisdiction and authority provided by this section does not extend to highways, road and drainage easements and stormwater facilities constructed, owned or operated by the West Virginia Division of Highways and no rates, fees or charges for stormwater services or costs of compliance may be assessed against highways, road and drainage easements and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways.

(*l*) A municipality which has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community, as defined in 40 C.F.R. § 122.26, has the authority to enact ordinances or regulations which allow for the issuance of orders, the right to enter properties and the right to impose reasonable fines and penalties regarding correction of violations of municipal stormwater ordinances or regulations within the municipal watershed served by the municipal stormwater system, as long as such rules, regulations, fines or actions are not contrary to any rules or orders of the Public Service Commission.

(m) Notice of a violation of a municipal stormwater ordinance or regulation shall be served in person to the alleged violator or by certified mail, return receipt requested. The notice shall state the nature of the violation, the potential penalty, the action required to correct the violation and the time limit for making the correction. Should a person, after receipt of proper notice, fail to correct the violation of the municipal stormwater ordinance or regulation, the municipality may make or have made the corrections of the violation and bring the party into compliance with the applicable stormwater ordinance or regulation. The municipality may collect the costs of correcting the violation from the person by instituting a civil action, as long as such actions are not contrary to any rules or orders of the Public Service Commission.

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

Acts 1955, c. 135; Acts 1967, c. 105; Acts 1994, c. 61; Acts 2001, c. 212, eff. 90 days after April 14, 2001; Acts 2008, c. 202, eff. March 8, 2008.

ARTICLE 13A

PUBLIC SERVICE DISTRICTS

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

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

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

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

e consumption of water or gas on premises connected with the facilities, taking into ation domestic, commercial, industrial and public use of water and gas;

e number and kind of fixtures connected with the facilities located on the various ;

e number of persons served by the facilities;

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

ay be determined on any other basis or classification which the board may determine r and reasonable, taking into consideration the location of the premises served and re and extent of the services and facilities furnished. However, no rates, fees or for stormwater services may be assessed against highways, road and drainage ts or stormwater facilities constructed, owned or operated by the West Virginia of Highways.

here water, sewer, stormwater or gas services, or any combination thereof, are all d to any premises, the schedule of charges may be billed as a single amount for the e of the charges. The board shall require all users of services and facilities d by the district to designate on every application for service whether the applicant is or an owner of the premises to be served. If the applicant is a tenant, he or she te the name and address of the owner or owners of the premises to be served by the Notwithstanding the provisions of section eight, article three, chapter twenty-four of e to the contrary, all new applicants for service shall deposit the greater of a sum two twelfths of the average annual usage of the applicant's specific customer class or ars, with the district to secure the payment of service rates, fees and charges in the ey become delinquent as provided in this section. If a district provides both water er service, all new applicants for service shall deposit the greater of a sum equal to fths of the average annual usage for water service or fifty dollars and the greater of a al to two twelfths of the average annual usage for wastewater service of the t's specific customer class or fifty dollars. In any case where a deposit is forfeited to ice rates, fees and charges which were delinquent at the time of disconnection or ion of service, no reconnection or reinstatement of service may be made by the until another deposit equal to the greater of a sum equal to two twelfths of the usage for the applicant's specific customer class or fifty dollars has been remitted to ict. After twelve months of prompt payment history, the district shall return the to the customer or credit the customer's account at a rate as the Public Service sion may prescribe: *Provided*, That where the customer is a tenant, the district is not to return the deposit until the time the tenant discontinues service with the district. er any rates, fees, rentals or charges for services or facilities furnished remain unpaid riod of twenty days after the same become due and payable, the user of the services lities provided is delinquent and the user is liable at law until all rates, fees and are fully paid. The board may, under reasonable rules promulgated by the Public Commission, shut off and discontinue water or gas services to all delinquent users of ater or gas facilities, or both, ten days after the water or gas services become nt.

the event that any publicly or privately owned utility, city, incorporated town, other al corporation or other public service district included within the district owns and separately water facilities, sewer facilities or stormwater facilities and the district d operates another kind of facility either water or sewer, or both, as the case may be, district and the publicly or privately owned utility, city, incorporated town or other al corporation or other public service district shall covenant and contract with each shut off and discontinue the supplying of water service for the nonpayment of sewer

or stormwater service fees and charges: *Provided*, That any contracts entered into by a public service district pursuant to this section shall be submitted to the Public Service Commission for approval. Any public service district which provides water and sewer service, water and stormwater service or water, sewer and stormwater service has the right to terminate water service for delinquency in payment of water, sewer or stormwater bills. Where one public service district is providing sewer service and another public service district or a municipality included within the boundaries of the sewer or stormwater district is providing water service and the district providing sewer or stormwater service experiences a delinquency in payment, the district or the municipality included within the boundaries of the sewer or stormwater district that is providing water service, upon the request of the district providing sewer or stormwater service to the delinquent account, shall terminate its water service to the customer having the delinquent sewer or stormwater account: *Provided, however*, That any termination of water service must comply with all rules and orders of the Public Service Commission.

(c) Any district furnishing sewer facilities within the district may require, or may by petition to the circuit court of the county in which the property is located, compel or may require the Division of Health to compel all owners, tenants or occupants of any houses, dwellings and buildings located near any sewer facilities where sewage will flow by gravity or be transported by other methods approved by the Division of Health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code, from the houses, dwellings or buildings into the sewer facilities, to connect with and use the sewer facilities and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from the houses, dwellings and buildings where there is gravity flow or transportation by any other methods approved by the Division of Health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code and the houses, dwellings and buildings can be adequately served by the sewer facilities of the district and it is declared that the mandatory use of the sewer facilities provided for in this paragraph is necessary and essential for the health and welfare of the inhabitants and residents of the districts and of the state. If the public service district requires the property owner to connect with the sewer facilities even when sewage from dwellings may not flow to the main line by gravity and the property owner incurs costs for any changes in the existing dwellings' exterior plumbing in order to connect to the main sewer line, the Public Service District Board shall authorize the district to pay all reasonable costs for the changes in the exterior plumbing, including, but not limited to, installation, operation, maintenance and purchase of a pump or any other method approved by the Division of Health. Maintenance and operation costs for the extra installation should be reflected in the users charge for approval of the Public Service Commission. The circuit court shall adjudicate the merits of the petition by summary hearing to be held not later than thirty days after service of petition to the appropriate owners, tenants or occupants.

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

(e) The owner, tenant or occupant of any real property may be determined and declared to be served by a stormwater system only after each of the following conditions is met: (1) The district has been designated by the Environmental Protection Agency as an entity to serve a West Virginia Separate Storm Sewer System community, as defined in 40 C.F.R. § 122.26; (2) the district's authority has been properly expanded to operate and maintain a stormwater system; (3) the district has made available a stormwater system where stormwater from the real property affects or drains into the stormwater system; and (4) the real property is

the Municipal Separate Storm Sewer System's designated service area. It is eby found, determined and declared that the mandatory use of the stormwater ecessary and essential for the health and welfare of the inhabitants and residents ict and of the state. The district may charge and the owner, tenant or occupant he rates, fees and charges for stormwater services established under this article hirty-day notice of the availability of the stormwater system has been received by An entity providing stormwater service shall provide a tenant a report of the fee charged for the entire property and, if appropriate, that portion of the fee to l to the tenant.

elinquent fees, rates and charges of the district for either water facilities, sewer as facilities or stormwater systems or stormwater management programs are liens mises served of equal dignity, rank and priority with the lien on the premises of ty, school and municipal taxes. In addition to the other remedies provided in this iblic service districts are granted a deferral of filing fees or other fees and costs to the bringing and maintenance of an action in magistrate court for the collection ent water, sewer, stormwater or gas bills. If the district collects the delinquent lus reasonable costs, from its customer or other responsible party, the district shall e magistrate the normal filing fee and reasonable costs which were previously In addition, each public service district may exchange with other public service list of delinquent accounts: *Provided*, That an owner of real property may not be for the delinquent rates or charges for services or facilities of a tenant, nor may ttach to real property for the reason of delinquent rates or charges for services or f a tenant of the real property, unless the owner has contracted directly with the vice district to purchase the services or facilities.

thing in this section to the contrary notwithstanding, any establishment, as defined three, article eleven, chapter twenty-two of this code, now or hereafter operating its ge disposal system pursuant to a permit issued by the Department of Environmen- tion, as prescribed by section eleven of said article is exempt from the provisions of n.

public service district which has been designated by the Environmental Protection s an entity to serve a West Virginia Separate Storm Sewer System community shall n annual report detailing the collection and expenditure of rates, fees or charges and available for public review at the place of business of the governing body and the er utility main office.

c. 147; Acts 1965, c. 134; Acts 1980, c. 60; Acts 1981, c. 124; Acts 1986, c. 81; Acts 1989, c. 1994, c. 61; Acts 2002, c. 272, eff. 90 days after March 9, 2002; Acts 2003, c. 183, eff. 90 days h 8, 2003; Acts 2008, c. 202, eff. March 8, 2008.

A-15. Bonds may be secured by trust indenture

United States Code Annotated

indenture Act of 1939, see 15 U.S.C.A. t seq.

ARTICLE 13D

REGIONAL WATER AND WASTEWATER AUTHORITY ACT

3D-11. Bonds may be secured by trust indenture

United States Code Annotated

Indenture Act of 1939, see 15 U.S.C.A. et seq.