

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

**Water Revenue Bonds, Series 1999 A
and Series 1999 B
(West Virginia Water Development Authority)**

Date of Closing: June 16, 1999

BOND TRANSCRIPT

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SOUTH PUTNAM PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE REFUNDING OF THE OUTSTANDING WATER REVENUE BONDS OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$6,440,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), AND NOT MORE THAN \$5,425,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING LOAN AGREEMENTS RELATING TO THE SERIES 1999 A BONDS AND SERIES 1999 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF SOUTH PUTNAM 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 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

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

A. South Putnam Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Putnam County of said State.

B. The Issuer presently owns a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public waterworks system of the Issuer, including the acquisition of the assets of Kanawha Orchard Public Service District and the construction of water mains and a booster pump, together with all appurtenant facilities (collectively, the aforementioned acquisition and construction are referred to herein as the "Project") (the existing public waterworks system 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 estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Bonds, and to make payments into all funds and accounts and other payments provided for herein, all as such terms are hereinafter defined.

D. The Issuer has determined that, by refunding its outstanding water revenue bonds, it can achieve significant savings and remove burdensome covenants in the resolutions approving the Prior Bonds. The Issuer has the following water revenue bonds outstanding (i) Water Revenue Bonds, Series 1978, dated December 18, 1978 (the "Series 1978 Bonds"), issued in the original aggregate principal amount of \$460,000; (ii) Water Revenue Bonds, Series 1989 A, dated June 27, 1989 (the "Series 1989 A Bonds"), issued in the original aggregate principal amount of \$880,000; (iii) Water Revenue Bonds, Series 1989 B, dated June 27, 1989 (the "Series 1989 B Bonds"), issued in the original aggregate principal amount of \$54,475.03; (iv) Water Revenue Bonds, Series 1990 A, dated October 23, 1990 (the "Series 1990 A Bonds"), issued in the original aggregate principal amount of \$1,750,000; (v) Water Revenue Bonds, Series 1990 B, dated October 23, 1990 (the "Series 1990 B Bonds"), issued in the original aggregate principal amount of \$250,000; and (vi) Water Revenue Bonds, Series 1998 A, dated April 14, 1998 (the "Series 1998 A Bonds"), issued in the original aggregate principal amount of \$1,701,172.93, (collectively, the "Prior Bonds").

E. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), in the aggregate principal amount of not more than \$6,440,000 (the "Series 1999 A Bonds"), and Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), in the aggregate principal amount of not more than \$5,425,000 (the "Series 1999 B Bonds") (collectively, the "Series 1999 Bonds"), to permanently finance the costs of acquisition and construction of the

Project and the costs of currently refunding the Prior Bonds. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 1999 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); amounts payable to the holder of the Prior Bonds to currently refund the Prior Bonds; 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 Project, administrative expense, commitment fees, fees and expenses of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1999 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, the refunding of the Prior Bonds and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1999 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

G. It is in the best interests of the Issuer that its Series 1999 A Bonds and Series 1999 B Bonds be sold to the Authority pursuant to the terms and provisions of loan agreements to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by the Supplemental Resolution of the Issuer.

H. There is an outstanding obligation of the Issuer which will rank junior and subordinate to the Series 1999 Bonds as to liens, pledge and source of and security for payment, being the Issuer's Water System Note, Series 1997 (the "Series 1997 Note"), dated October 30, 1997, issued in the original principal amount of not to exceed \$250,000. The Issuer has obtained the consent of the Holder of the Series 1997 Note to the issuance of the Series 1999 Bonds senior and prior to the lien on Surplus Revenues in favor of the Holder of the Series 1997 Note. Following the refunding of the Prior Bonds and other than the Series 1997 Note, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreements relating to authorization of the acquisition, construction and operation of the Project and the System, the refunding of the Prior Bonds, and issuance of the

Series 1999 Bonds, 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 West Virginia Infrastructure and Jobs Development Council, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1999 Bonds or such final order will not be subject to appeal or rehearing.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1999 Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 1999 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1999 A Bonds and the Series 1999 B Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

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

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

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

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

"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 1999 Bonds and any bonds on a parity with the Series 1999 Bonds subsequently issued hereunder or pursuant to another resolution of the Issuer.

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

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

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

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

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

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

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

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

"Grants" means any Grant received by the Issuer 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 generally accepted accounting principles.

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

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

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

"Issuer" means South Putnam Public Service District, a public service district, a public corporation and a political subdivision of the State of West Virginia, in Putnam County of said State and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreements" means, collectively, the Loan Agreements to be entered into between the Authority and the Issuer, providing for the purchase of the Series 1999 A Bonds and the Series 1999 B Bonds, respectively, from the Issuer by the Authority, the forms 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 each series of Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Account for such series. 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 such series, 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 only of Operating Expenses, as hereinafter defined.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1999 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1999 Bonds.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that all monthly amortization payments upon the Bonds and into the Reserve Accounts and Renewal and Replacement 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 Bondholders, any Bonds registered to the Issuer.

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

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

"Prior Bonds" means the Issuer's Water Revenue Bonds, Series 1978, Series 1989 A, Series 1989 B, Series 1990 A, Series 1990 B and Series 1998 A, as described in Section 1.02D hereof.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of

Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

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

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

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that

said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

"Rebate Fund" means the Rebate Fund established by Section 5.01 hereof.

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the Series 1999 A Bonds Reserve Account and the Series 1999 B Bonds Reserve Account.

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

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

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

"Series 1999 Bonds" means, collectively, the Series 1999 A Bonds and the Series 1999 B Bonds.

"Series 1999 A Bonds" means the not more than \$6,440,000 in aggregate principal amount of Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), of the Issuer, authorized by this Resolution.

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

"Series 1999 A Bonds Reserve Account" means the Series 1999 A Bonds Reserve Account established by Section 5.02 hereof.

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

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

"Series 1999 B Bonds" means the not more than \$5,425,000 in aggregate principal amount of Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), of the Issuer, authorized by this Resolution.

"Series 1999 B Bonds Refunding Trust Fund" means the Series 1997 B Bonds Refunding Trust Fund established by Section 5.01 hereof.

"Series 1999 B Bonds Reserve Account" means the Series 1999 B Bonds Reserve Account established by Section 5.01 hereof.

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

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

"Series 1997 Note" means the Issuer's Water System Note, Series 1997, described in Section 1.02H hereof.

"State" means the State of West Virginia.

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

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

"System" means the complete public waterworks system of the Issuer, as presently existing in its entirety or any integral part thereof, and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

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

the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND REFUNDING OF THE PRIOR BONDS

Section 2.01. Authorization of Acquisition and Construction of the Project and Refunding of the Prior Bonds. There is hereby authorized and ordered the refunding of the Prior Bonds, at an estimated cost of \$5,348,301.64, and the acquisition and construction of the Project, at an estimated cost of \$6,843,598, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 1999 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority.

The cost of the Project is estimated to be \$6,844,217.23, of which \$6,440,000 will be obtained from proceeds of the Series 1999 A Bonds, \$154,217.23 will be obtained from proceeds of the Series 1999 B Bonds, \$50,000 will be obtained from a grant by the State of West Virginia, \$50,000 will be obtained from a grant by The County Commission of Putnam County, \$64,861.17 will be obtained from funds of Kanawha Orchard Public Service District and \$303,598 will be obtained from other monies of the Issuer.

The cost of refunding the Prior Bonds is estimated to be \$5,348,301.64 which will be obtained from proceeds of the Series 1999 B Bonds in the amount of \$5,270,782.77 and a transfer from the debt service reserve fund for the Prior Bonds in the amount of \$77,518.87.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1999 Bonds, funding reserve accounts for the Series 1999 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1999 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 1999 Bonds of the Issuer. The Series 1999 Bonds shall be issued in two series, each as a single bond, designated respectively as "Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority)," in the principal amount of not more than \$6,440,000, and "Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority)," in the principal amount of not more than \$5,425,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1999 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest on the Series 1999 Bonds, if any, shall be deposited in or credited to the Series 1999 A Bond Construction Trust Fund and Series 1999 B Bond Refunding Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. A. The Series 1999 A Bonds shall be issued in such principal amounts, shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreements. The Series 1999 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1999 A Bonds 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.

B. The Series 1999 B Bonds shall be issued in such principal amounts, shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreements. The Series 1999 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency

which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1999 B Bonds shall be paid by check or draft of the Paying Agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

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

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Series 1999 Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 1999 A Bonds shall cease to be such officer of the Issuer before the Series 1999 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1999 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. The Bond Registrar for the Series 1999 Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 1999 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any Series 1999 Bond shall be conclusive evidence that such Series 1999 Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1999 Bond shall be deemed to have been

executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 1999 Bonds issued hereunder.

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

So long as the Bonds remain outstanding, the Bond Registrar shall keep and maintain books for the registration and transfer of the Bonds.

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any 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 (where applicable) and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and

complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

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

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Series 1997 Note. The payment of the debt service of the Series 1999 A Bonds and the Series 1999 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, senior and prior to the lien on Surplus Revenues in favor of the Holder of the Series 1997 Note. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

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

- (1) If other than the Authority, a list of the names in which the Series 1999 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- (2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1999 Bonds to the original purchasers;
- (3) An executed and certified copy of the Bond Legislation;
- (4) An executed copy of the Loan Agreements;

(5) A receipt from the United States Department of Agriculture, Rural Utilities Service, reflecting payment in full of the Issuer's Prior Bonds; and

(6) The unqualified approving opinion of bond counsel on the Series 1999 Bonds.

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

(FORM OF SERIES 1999 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTH PUTNAM PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 1999 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-_____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), in installments on October 1 of each year, beginning October 1, 199____, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable on April 1 and October 1 in each year, beginning ____ 1, 199___. 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"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreements between the Issuer and the Authority, dated June 16, 1999.

This Bond is issued to provide funds, along with other available monies of the Issuer (i) to pay the costs of acquisition and construction of certain improvements and

extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv) to pay certain costs of issuance hereof and related costs. The existing public waterworks system 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on June 15, 1999, and a Supplemental Resolution duly adopted by the Issuer on June 15, 1999 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED THE DATE HEREOF, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$5,425,000 (THE "SERIES 1999 B BONDS"), AND SENIOR AND PRIOR TO THE ISSUER'S WATER SYSTEM NOTE, SERIES 1997, DATED OCTOBER 30, 1997, ISSUED IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$250,000 (THE "SERIES 1997 NOTE").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1999 B Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1999 A Bonds Reserve Account") and unexpended proceeds of the Bonds, and senior and prior to the lien on Surplus Revenues in favor of the Holder of the Series 1997 Note. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1999 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other

obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1999 B Bonds; provided however, that so long as there exists in the Series 1999 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Series 1999 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

All provisions of the 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, SOUTH PUTNAM PUBLIC SERVICE DISTRICT
has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto
affixed and attested by its Secretary, and has caused this Bond to be dated
_____, 199__.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 199____.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

(FORM OF SERIES 1999 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTH PUTNAM PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 1999 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-_____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Putnam County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), in installments on October 1 of each year, beginning October 1, 199____, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable on April 1 and October 1 in each year, beginning _____ 1, 199___. 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"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreements between the Issuer and the Authority, dated June 16, 1999.

This Bond is issued (i) to pay the costs of refunding the Prior Bonds of the Issuer; (ii) to fund a reserve account for the Bonds; and (iii) to pay certain costs of issuance

hereof and related costs. The existing public waterworks system of the Issuer, the Project constructed with the proceeds of the Series 1999 A Bonds (hereinafter defined) 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on June 15, 1999, and a Supplemental Resolution duly adopted by the Issuer on June 15, 1999 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED THE DATE HEREOF, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$6,440,000 (THE "SERIES 1999 A BONDS"), AND SENIOR AND PRIOR TO THE ISSUER'S WATER SYSTEM NOTE, SERIES 1997, DATED OCTOBER 30, 1997, ISSUED IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$250,000 (THE "SERIES 1997 NOTE").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1999 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1999 B Bonds Reserve Account") and unexpended proceeds of the Bonds, and senior and prior to the lien on Surplus Revenues in favor of the holder of the Series 1997 Note. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1999 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1999 A Bonds; provided however, that so long as there exists in the Series 1999 B Bonds Reserve Account an amount at least equal to the maximum

amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Series 1999 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

All provisions of the 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, SOUTH PUTNAM PUBLIC SERVICE DISTRICT
has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto
affixed and attested by its Secretary, and has caused this Bond to be dated
_____, 199__.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 199_____.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreements. The Series 1999 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreements. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreements in the forms attached hereto as "EXHIBIT A" and "EXHIBIT B" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreements to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule A" Filing. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreements, 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 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;
- (2) Renewal and Replacement Fund;
- (3) Series 1999 A Bonds Construction Trust Fund;
- (4) Series 1999 B Bonds Refunding Trust Fund; and
- (5) Rebate Fund.

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

- (1) Series 1999 A Bonds Sinking Fund;
- (2) Within the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account;
- (3) Series 1999 B Bonds Sinking Fund; and
- (4) Within the Series 1999 B Bonds Sinking Fund, the Series 1999 B Bonds Reserve Account.

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

(1) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall next, simultaneously, (i) on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1999 A Bonds for which interest has not been capitalized, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1999 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 1999 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1999 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next semiannual interest payment date, the required amount of interest coming due on such date; and (ii) on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1999 B Bonds for which interest has not been capitalized, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1999 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 1999 B Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1999 B Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next semiannual interest payment date, the required amount of interest coming due on such date;

(3) The Issuer shall next, simultaneously, on the first day of each month, (i) commencing 13 months prior to the first date of payment of principal of the Series 1999 A Bonds, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1999 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on the Series 1999 A Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1999 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be

increased proportionately to provide, 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 1999 B Bonds, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1999 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on the Series 1999 B Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1999 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, simultaneously, on the first day of each month, transfer from the Revenue Fund and (i) commencing 13 months prior to the first date of payment of principal of the Series 1999 A Bonds, if not fully funded upon issuance of the Series 1999 A Bonds, remit to the Commission for deposit in the Series 1999 A Bonds Reserve Account, an amount equal to 1/120th of the Series 1999 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1999 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1999 A Bonds Reserve Requirement; and (ii) commencing 13 months prior to the first date of payment of principal of the Series 1999 B Bonds, if not fully funded upon issuance of the Series 1999 B Bonds, remit to the Commission for deposit in the Series 1999 B Bonds Reserve Account, an amount equal to 1/120th of the Series 1999 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1999 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1999 B Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement

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

(6) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, the Issuer shall pay the principal and interest on the Series 1997 Note, and, following such payments, any moneys remaining therein and not permitted to be retained therein may be used by the Issuer to prepay portions of the principal amount of the Bonds, pro rata, or for any lawful purpose of the System.

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

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

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the

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

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 1999 B Bonds Sinking Fund and the Series 1999 B Bonds Reserve Account (if fully funded) 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, first to the next ensuing interest payment due on the Series 1999 B Bonds, and then to the next ensuing principal payment due thereon.

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

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 1999 A Bonds Sinking Fund or the Series 1999 A Bonds Reserve Account when the aggregate amount of funds therein is at least equal to the aggregate principal amount of the Series 1999 A Bonds issued pursuant to this Bond

Legislation then Outstanding and all interest to accrue until the maturity date thereof.

The Issuer shall not be required to make any further payments into the Series 1999 B Bonds Sinking Fund or the Series 1999 B Bonds Reserve Account when the aggregate amount of funds therein is at least equal to the aggregate principal amount of the Series 1999 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity date thereof.

Interest, principal or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 1999 A Bonds and the Series 1999 B Bonds in accordance with the respective principal amounts then outstanding.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Renewal and Replacement Fund as herein provided, and all amounts required for the Reserve Account and the Renewal and 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 directions stating the amount remitted for deposit into each such fund.

The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the 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 Authority.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account, the Series 1999 B Bonds Sinking Fund and the Series 1999 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at any time, the Issuer shall make the necessary arrangements whereby required payments into the Series 1999 A

Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account, the Series 1999 B Bonds Sinking Fund and the Series 1999 B Bonds Reserve Account shall be automatically deducted from the Revenue Fund and transferred to the Commission on the dates required hereunder.

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

Except with respect to transfers to the Rebate Fund permitted hereunder, the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account, the Series 1999 B Bonds Sinking Fund and the Series 1999 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1999 A Bonds and the Series 1999 B Bonds, respectively, and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1999 A Bonds and the Series 1999 B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at any time, make the necessary arrangements whereby such required payments shall be automatically deducted from the Revenue Fund and transferred to the Commission on the dates required.

D. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in any of the funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

E. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as 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.

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

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

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

C. The proceeds derived from the sale of the Series 1999 A Bonds shall be deposited with the Depository Bank in the Series 1999 A Bonds Construction Trust Fund and applied solely to pay the Costs of the Project in the manner set forth in Section 6.02.

D. The proceeds derived from the sale of the Series 1999 B Bonds shall be deposited with the Depository Bank in the Series 1999 B Bonds Refunding Trust Fund and applied to pay the outstanding principal of and interest on the Prior Bonds, pay costs of issuance of the Series 1999 B Bonds, and to pay the Costs of the Project in the manner set forth in Section 6.03.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Series 1999 A Bonds Construction Trust Fund and the Series 1999 B Bonds Refunding Fund and shall comply with all requirements with respect to the disposition of the moneys in such funds set forth herein. Except with respect to any transfers to the Rebate Fund permitted hereunder, moneys in the Series 1999 A Bonds Refunding Fund and the Series 1999 B Bonds Refunding Trust Fund shall be used solely to pay the Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1999 A Bonds and the Series 1999 B Bonds, respectively.

Section 6.02. Disbursements From the Series 1999 A Bonds Construction Trust Fund. Except as provided in Section 6.01 hereof, disbursements from the Series 1999 A Bonds Construction Trust Fund (except for the costs of issuance of the Series 1999 Bonds which shall be made upon request of the Issuer) shall be made each month only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

- (i) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
- (ii) 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;
- (iii) That each of such costs has been otherwise properly incurred; and
- (iv) 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 Series 1999 A Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 1999 A Bonds Construction Trust 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 Series 1999 A Bonds Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

After completion of the Project, as certified by the Consulting Engineers, and all costs of the Project have been paid, the Depository Bank shall transfer any moneys remaining in the Series 1999 A Bonds Construction Trust Fund to the Series 1999 A Bonds Reserve Account, provided that, in no event shall more than 10% of the proceeds from the sale of the Series 1999 A Bonds be deposited in the Series 1999 A Bonds Reserve Account, and when the Series 1999 A Bonds Reserve Account is fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payment due on the Series 1999 A Bonds and thereafter to the next ensuing principal payment due thereon.

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

All moneys in the Series 1999 A Bonds Construction Trust Fund and the Series 1999 B Bonds Refunding Trust Fund shall be kept separate and apart from each other.

Section 6.03. Disbursements From the Series 1999 B Bonds Refunding Trust Fund. The Issuer shall, immediately upon issuance of the Series 1999 B Bonds, pay to the holder of the Prior Bonds the amount necessary to pay in full the outstanding principal of and interest on the Prior Bonds. Further disbursements from the Series 1999 B Bonds Refunding Trust Fund shall be made upon request by the Issuer.

Pending such application, moneys in the Series 1997 B Bonds Refunding Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1999 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 1999 Bonds or the interest thereon is Outstanding and unpaid.

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

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Series 1997 Note. The payment of the debt service of the Series 1999 A Bonds and the Series 1999 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, senior and prior to the lien on Surplus Revenues in favor of the holder of the Series 1997 Note. The Net Revenues in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered on May 28, 1999, in Case No. 98-0819-PWD-CN, and such rates are hereby adopted.

Section 7.05. Sale of the System. So long as the Series 1999 Bonds are outstanding and except as otherwise required by law or with the written consent of 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 Bonds Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the

Commission for deposit in the Series 1999 A Bonds Sinking Fund and the Series 1999 B Bonds Sinking Fund and, with the written permission of the Authority, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Bonds. Any balance remaining after the payment of the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$50,000, the Issuer shall, in writing, 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 derived from any such sale shall be deposited in the Revenue 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 \$50,000 but not in excess of \$200,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and the Governing Body may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds derived from any such sale shall be deposited in the Renewal and Replacement Fund.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$200,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1999 Bonds. All obligations issued by the Issuer after the issuance of the Series 1999 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for

payment from such revenues and in all other respects, to the Series 1999 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 1999 Bonds, and the interest thereon, upon any or all of the income and revenues of the System pledged for payment of the Series 1999 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. No Parity Bonds payable out of the revenues of the System shall be issued after the issuance of the Series 1999 Bonds pursuant to this Bond Legislation, except under the additional conditions and in the manner herein provided.

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

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and improvements to the System or refunding the Series 1999 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 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 expected to be received in each of the 3 succeeding years after the date of issuance of such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

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

The "estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired (without successful appeal) 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, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

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

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

Section 7.08. Books; Records and Facilities. 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 or its 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 such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

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

The Issuer shall file with the Authority or any other original purchaser of the Series 1999 Bonds, and shall mail in each year to any Holder or Holders of the Series 1999 Bonds, requesting the same, an annual report containing the following:

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

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

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

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

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all 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 on the Series 1999 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1999 Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1999 A Bonds Reserve Account, the Series 1999 B Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with or junior to the Series 1999 Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 1999 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Series 1999 Bonds.

In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04 hereof.

Section 7.10. Operating Budget; Audit 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 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 to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreements as Exhibit C, and forward a copy of such report to the Authority 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 Agreements, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident

engineer shall certify to the Authority and the 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 agrees that qualified operating personnel properly certified by the State will be employed to operate the System during the entire term of the Loan Agreements.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the sewerage 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. If the sewerage facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the sewerage system provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. Except as provided 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 Series 1999 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 Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement 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 Agreements, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT

BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

B. The Issuer shall 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. In the event the Loan Agreements so require, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. [Reserved]

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

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

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

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

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

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

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

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

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1999 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 1999 Bonds, and shall be on a parity with each other.

Section 7.20. Compliance with Loan Agreements and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreements, the Act and all applicable laws, rules and regulations issued by the Authority, 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).

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

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

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

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

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

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and shall be used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the

event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 1999 Bonds from gross income for federal income tax purposes.

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

ARTICLE IX

DEFAULT AND REMEDIES

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

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

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

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

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on either series of the Series 1999 Bonds, it shall constitute an "Event of Default" with respect to the other series of Series 1999 Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his 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 Holders of the Series 1999 Bonds shall be on a parity with each other and senior and prior to the rights of the Holder of the Series 1997 Note, if any.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any 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 said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might exercise.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any 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 said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE AND PAYMENT OF BONDS

Section 10.01. Defeasance of Series 1999 Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 1999 A Bonds or the Series 1999 B Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to such Series of Bonds, 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 such Series of Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on such Series of Bonds from gross income for federal income tax purposes.

Series 1999 Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1999 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1999 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 Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1999 Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission 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 principal installments of and interest on said Series 1999 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, 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 installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

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

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 1999 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 1999 Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

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

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

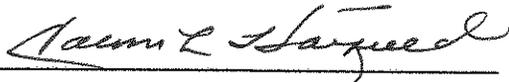
- (a) The maximum amount of the Series 1999 Bonds to be issued;
- (b) The maximum interest rate and terms of the Series 1999 Bonds authorized hereby;
- (c) The public service properties to be acquired or constructed and the cost of the same;
- (d) The maximum anticipated rates which will be charged by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

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

Adopted this 15th day of June, 1999.



Chairman



Member

Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of SOUTH PUTNAM PUBLIC SERVICE DISTRICT on the 15th day of June, 1999.

Dated: June 16, 1999.

[SEAL]



Secretary

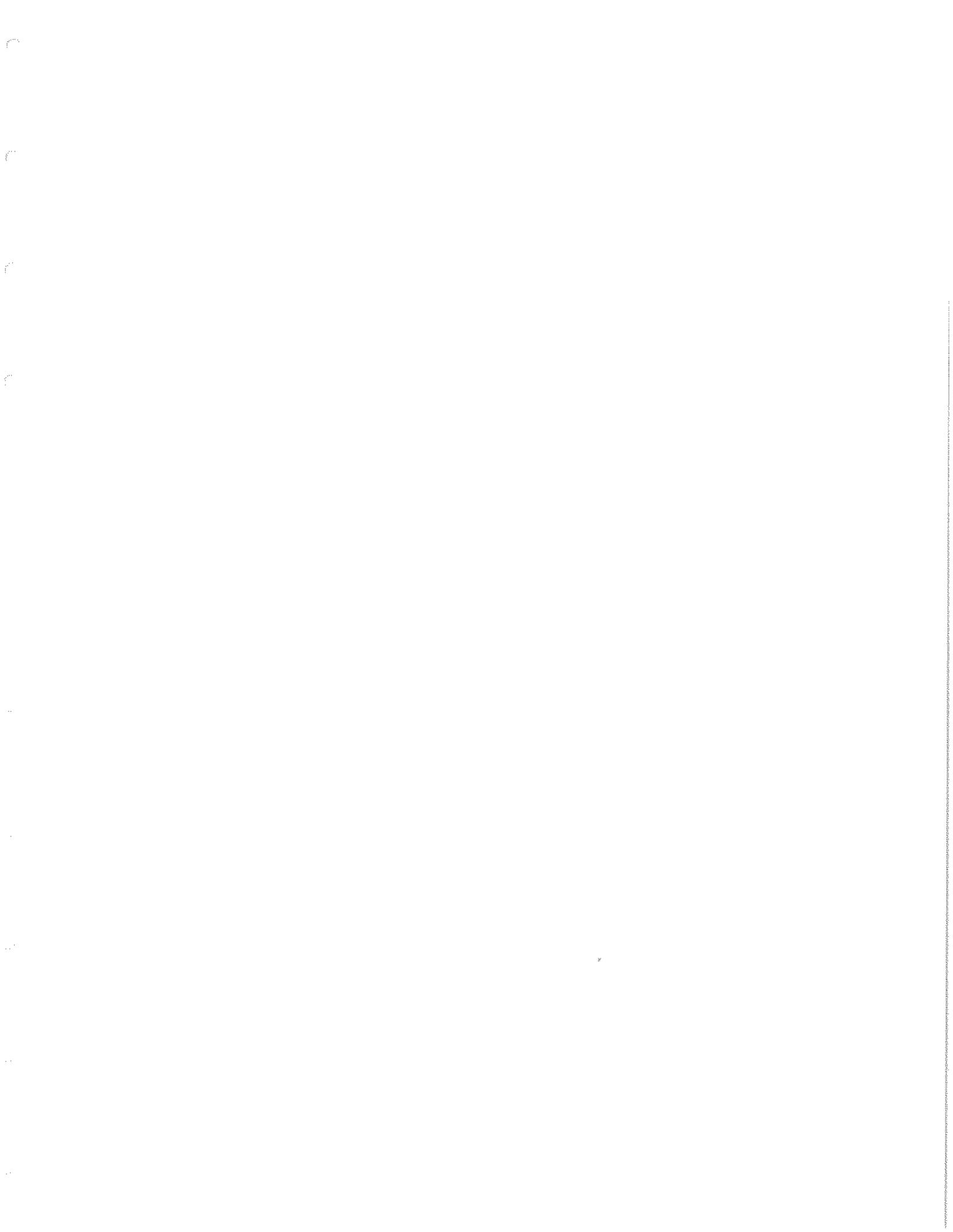
06/14/99
847280/99003

EXHIBIT A

Series 1999 A Bonds Loan Agreement included in transcript as Document 3.

EXHIBIT B

Series 1999 B Bonds Loan Agreement included in transcript as Document 3.



SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 1999 A (West Virginia Water Development Authority)
and Series 1999 B (West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING LOAN AGREEMENTS RELATING TO THE SERIES 1999 A BONDS AND THE SERIES 1999 B BONDS; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 1999 A BONDS AND THE SERIES 1999 B BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of South Putnam Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective June 15, 1999 (the "Bond Resolution" or the "Resolution") entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE OUTSTANDING WATER REVENUE BONDS OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE

PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$6,440,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), AND NOT MORE THAN \$5,425,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING LOAN AGREEMENTS RELATING TO THE SERIES 1999 A BONDS AND SERIES 1999 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds of the Issuer (collectively, the "Bonds"), to be issued in two series, being the Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), in an aggregate principal amount of not more than \$6,440,000 (the "Series 1999 A Bonds"), and the Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), in an aggregate principal amount of not more than \$5,425,000 (the "Series 1999 B Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series 1999 A Bonds and a loan agreement relating to the Series 1999 B Bonds (collectively, the "Loan Agreements"), each by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreements and the exact principal amounts, dates, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreements have been presented to the Issuer at this meeting;

WHEREAS, the Series 1999 Bonds are proposed to be purchased by the Authority pursuant to the respective Loan Agreements; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreements be approved and entered into by the Issuer, that the exact principal amounts, the dates, the maturity dates, the interest rates, the interest and principal payment dates and the sale prices of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued as follows:

(A) Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$6,440,000. The Series 1999 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2038, and shall bear interest at the rate of 5.8% per annum, payable semiannually on April 1 and October 1 of each year, beginning October 1, 1999. The Series 1999 A Bonds shall be payable in annual installments of principal on October 1 of each year, commencing October 1, 2000, and ending October 1, 2038, and in the amounts as set forth in "Schedule X" attached to the Loan Agreement for the Series 1999 A Bonds and incorporated in and made a part of the Series 1999 A Bonds. The Series 1999 A Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement for the Series 1999 A Bonds, as long as the Authority shall be the registered owner of the Bonds.

(B) Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$5,425,000. The Series 1999 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2038, and shall bear interest at the rates set forth on Exhibit A attached to the Series 1999 B Bonds, payable semiannually on April 1 and October 1 of each year, beginning October 1, 1999. The Series 1999 B Bonds shall be payable in annual installments of principal on October 1 of each year, commencing October 1, 2000, and ending October 1, 2038, and in the amounts as set forth in "Schedule X" attached to the Loan Agreement for the Series 1999 B Bonds and incorporated in and made a part of the Series 1999 B Bonds. The Series 1999 B Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement for the Series 1999 B Bonds, as long as the Authority shall be the registered owner of the Bonds.

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

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreements, copies of which are incorporated herein by reference, and the execution and delivery of the Loan Agreements by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreements and in the application to the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") for the Series 1999 Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 1999 Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 1999 Bonds under the Bond Resolution.

Section 6. The Issuer does hereby appoint and designate Putnam County Bank, Hurricane, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 1999 A Bonds proceeds in the amount of \$450,000 shall be deposited in the Series 1999 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 1999 A Bonds proceeds in the amount of \$390,605.60 shall be deposited in the Series 1999 A Bonds Reserve Account.

Section 9. Series 1999 B Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1999 B Bonds Sinking Fund as capitalized interest.

Section 10. Series 1999 B Bonds proceeds in the amount of \$356,614.84 shall be deposited in the Series 1999 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Series 1999 A Bonds shall be deposited in the Series 1999 A Bonds Construction Trust Fund, along with other funds of the Issuer, for payment of costs of the Project, including, without limitation, costs of issuance of the Series 1999 A Bonds and related costs.

Section 12. The balance of the proceeds of the Series 1999 B Bonds shall be deposited in the Series 1999 B Bonds Refunding Trust Fund for payment of costs of refunding the Prior Bonds, costs of issuance of the Series 1999 B Bonds and, to the extent proceeds are available, to pay Costs of the Project. Proceeds in the Series 1999 A Bonds Construction Trust Fund and in the Series 1999 B Bonds Refunding Trust Fund shall be kept separate and apart from each other.

Section 13. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Series 1999 Bonds may be delivered on or about June 16, 1999, to the Authority pursuant to the Loan Agreements.

Section 14. The acquisition and construction of the Project, the refunding of the Prior Bonds and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 15. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution held by the Depository Bank, in time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such time accounts until further directed by the Issuer. Moneys in the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account, the Series 1999 B Bonds Sinking Fund and the Series 1999 B Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

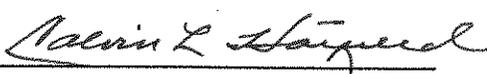
Section 16. The Issuer shall not permit at any time or times any of the proceeds of the Series 1999 Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 1999 Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Series 1999 Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 15th day of June, 1999.

SOUTH PUTNAM PUBLIC SERVICE
DISTRICT


Chairman


Member

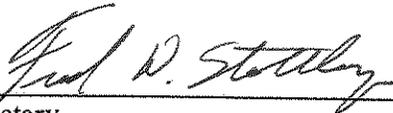
Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of SOUTH PUTNAM PUBLIC SERVICE DISTRICT on the 15th day of June, 1999.

Dated: June 16, 1999.

[SEAL]


Secretary

06/15/99
847280/98003

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 1999 A (West Virginia Water Development Authority)
and Series 1999 B (West Virginia Water Development Authority)

SECOND SUPPLEMENTAL RESOLUTION

SECOND SUPPLEMENTAL RESOLUTION PROVIDING FOR CERTAIN AMENDMENTS TO THE BOND RESOLUTION, ADOPTED JUNE 15, 1999, AUTHORIZING THE WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT.

WHEREAS, the Public Service Board (the "Governing Body") of South Putnam Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective June 15, 1999 (the "Bond Resolution" or the "Resolution") entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE OUTSTANDING WATER REVENUE BONDS OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$6,440,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), AND NOT MORE THAN \$5,425,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS;

AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING LOAN AGREEMENTS RELATING TO THE SERIES 1999 A BONDS AND SERIES 1999 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds of the Issuer (collectively, the "Series 1999 Bonds"), to be issued in two series, being the Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), in an aggregate principal amount of not more than \$6,440,000 (the "Series 1999 A Bonds"), and the Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), in an aggregate principal amount of not more than \$5,425,000 (the "Series 1999 B Bonds"), and on June 16, 1999, the Series 1999 Bonds were issued by the District;

WHEREAS, the Issuer has determined that certain amendments should be made to the Bond Resolution to more accurately reflect the terms of the Series 1999 Bonds and proposes to adopt this Second Supplemental Resolution to affect such amendments;

WHEREAS, the West Virginia Water Development Authority, as holder of the Series 1999 Bonds, has indicated that it will provide written consent to the District for the amendments to the Bond Resolution set forth in this Second Supplemental Resolution; and

WHEREAS, the Governing Body deems it essential and desirable that this second supplemental resolution (the "Second Supplemental Resolution") be adopted.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Section 11.01 of the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered the following amendments to the Bond Resolution:

(A) The definition of "Series 1999 A Bonds Reserve Requirement" in Section 1.04 shall be amended to read as follows:

"Series 1999 A Bonds Reserve Requirement" means, the lesser of (a) 10% of the stated principal amount of the Series 1999 A Bonds, (b) the maximum annual principal and interest requirements on the Series 1999 A Bonds, or (c) 125 percent of the average annual principal and interest requirements on the Series 1999 A Bonds.

(B) The definition of "Series 1999 B Bonds Reserve Requirement" in Section 1.04 shall be amended to read as follows:

"Series 1999 B Bonds Reserve Requirement" means, the lesser of (a) 10% of the stated principal amount of the Series 1999 B Bonds, (b) the maximum annual principal and interest requirements on the Series 1999 B Bonds, or (c) 125 percent of the average annual principal and interest requirements on the Series 1999 B Bonds.

(C) The Form of Series 1999 A Bond in Section 3.10 shall be amended to read as follows (the underlining reflects the amended language):

. . . provided however, that so long as there exists in the Series 1999 A Bonds Reserve Account an amount at least equal to the Series 1999 A Bonds Reserve Requirement, and in the respective reserve accounts . . .

(D) The Form of Series 1999 B Bond in Section 3.10 shall be amended to read as follows (the underlining reflects the amended language):

. . . provided however, that so long as there exists in the Series 1999 B Bonds Reserve Account an amount at least equal to the Series 1999 B Bonds Reserve Requirement, and in the respective reserve accounts . . .

Section 2. This Second Supplemental Resolution shall be immediately effective following adoption hereof and upon receipt by the Issuer of the consent of the West Virginia Water Development Authority, as registered owner of the Series 1999 Bonds, to the amendments to the Bond Resolution contained herein.

Adopted this 22nd day of June, 1999.

SOUTH PUTNAM PUBLIC SERVICE
DISTRICT



Chairman



Member



Member

CERTIFICATION

Certified a true copy of a Second Supplemental Resolution duly adopted by the Public Service Board of SOUTH PUTNAM PUBLIC SERVICE DISTRICT on the 22nd day of June, 1999.

Dated: June 22, 1999.

[SEAL]


Secretary

06/22/99
847280/98003

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"), and the governmental agency designated below (the "Governmental Agency").

SOUTH PUTNAM PUBLIC SERVICE DISTRICT (1999A)
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

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

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

WHEREAS, the Governmental Agency intends to construct, is constructing or has constructed such a water development 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 Section 5 of the Act and having available sufficient funds therefor, the Authority is willing 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 proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a certain general revenue bond resolution adopted by the Board of the Authority (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development 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," "water development revenue bond," "cost," "governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political sub-divisions, and designated in the Application and any qualified successor thereto.

1.3 "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.

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

1.5 "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 with a portion of the proceeds of its water development revenue bonds, all in accordance with the provisions of this Loan Agreement.

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

1.7 "Origination Fee" means the fee paid by a Governmental Agency with respect to its participation in the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987, to provide funds for the acquisition and construction of wastewater Projects.

1.8 "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.

1.9 "Project" means the water development 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 or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.10 "System" means the water development 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.

1.11 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 having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Division of Natural Resources (or in the process of preparation by such

Now administered by the West Virginia Division of Environmental Protection.

Director), has been approved by the West Virginia Bureau of Public Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property is approved by the Authority.

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

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

2.6 The Governmental Agency agrees that it will permit the Authority and its agents and representatives to have access to the records of the Governmental Agency pertaining to the operation

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

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

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

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

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

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

2.12 The Governmental Agency, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

Engineers to such effect the form of which certificate is attached hereto as Exhibit A;

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the Resolution or Tax Regulatory Agreement with respect to the exclusion of the interest on the Bonds from gross income of the holder thereof for federal income tax purposes;

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

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

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

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

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the

accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

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

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied

to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program.

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

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

(ii) That the schedule of rates of 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 established for the payment of debt service on the Local Bonds (the "Reserve Account") is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement") and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

(iv) That, except as otherwise required by State law or with the written consent of the 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; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

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

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

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

Authority, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

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

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

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

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

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

(xx) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that

term is defined in the Code) from time to time as the Authority may request.

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

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 An Origination Fee Account shall be established with the Trustee to hold the portion of the proceeds of any Loan established to fund an Origination Fee. Amounts on deposit in an Origination Fee Account shall belong to the Governmental Agency receiving the related Loan, but such amounts may only be disbursed from the Account to pay the Origination Fee as and when required to satisfy the requirements of the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

4.4 The principal of the Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a semiannual basis as provided in said Schedule X.

4.5 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, 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.

4.6 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.

4.7 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.8 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

4.9 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

ARTICLE V

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

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

the Local Act and in compliance with the provisions of Subsection 4.1(b) (ii) hereof.

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

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

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the

Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

6.4 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

6.5 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.

6.6 Notwithstanding Section 6.5, 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.

6.7 The Governmental Agency hereby agrees to give the Authority prior written notice of the issuance by it of any other obligations to be used for the Project, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

6.8 The Governmental Agency hereby agrees to file with the Authority upon completion of acquisition and construction of

the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency are 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 Schedule X 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.

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

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

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

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

7.7 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be

specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Loan Agreement shall terminate upon the earlier of:

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

(ii) termination by the Authority pursuant to Section 6.3 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.

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.

South Putnam Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By: Carl S. Coffey

Its: Chairman

Date: June 16, 1999

Attest:

Paul D. Stottley

Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: Daniel B. Gankosky
Director

Date: June 16, 1999

Attest:

Barbara B. Meadows
Secretary-Treasurer

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

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

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least forty years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the _____ of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) (ii) of the Loan Agreement, (vi) that the net proceeds of the Bonds, together with all other moneys on deposit or to be

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

WITNESS my signature on this _____ day of _____, 19__.

By: _____

West Virginia License No. _____

[SEAL]

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, 19____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$_____, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning _____ 1, 19____, at the respective rate or rates and with principal payable in installments on October 1 in each of the years, all as follows:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
-------------	--------------------	----------------------

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

We have also examined the applicable provisions of _____
_____ of the Code of West Virginia, 1931, as

amended (the "Local Statute"), and the bond _____ duly enacted by the Governmental Agency on _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

Monthly Financial Report

[Name of Governmental Agency]

[Name of Bond Issue]

Fiscal Year - _____

Report Month: _____

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

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

[Name of Governmental Agency]

By: _____
Authorized Officer

ABB0017F

WDA-5X
(May 1993)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$ 6,440,000
Purchase Price of Local Bonds \$ 6,440,000

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 5.8 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

As of the date of the Loan Agreement, the Local Bonds are subordinate as to source of and security for payment to the following obligations: Water System Note, Series 1997, dated October 30, 1997, issued in the original principal amount of not to exceed \$250,000.

South Putnam Public Service District, West Virginia
WDA Loan (Loan Program II, 1999 Series A) of \$6,440,000
 Series A

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/1999	-	-	108,943.33	108,943.33
4/01/2000	-	-	186,760.00	186,760.00
10/01/2000	23,356.00	5.800%	186,760.00	210,116.00
4/01/2001	-	-	186,082.68	186,082.68
10/01/2001	17,431.00	5.800%	186,082.68	203,513.68
4/01/2002	-	-	185,577.18	185,577.18
10/01/2002	21,817.00	5.800%	185,577.18	207,394.18
4/01/2003	-	-	184,944.48	184,944.48
10/01/2003	21,592.00	5.800%	184,944.48	206,536.48
4/01/2004	-	-	184,318.32	184,318.32
10/01/2004	21,645.00	5.800%	184,318.32	205,963.32
4/01/2005	-	-	183,690.61	183,690.61
10/01/2005	27,000.00	5.800%	183,690.61	210,690.61
4/01/2006	-	-	182,907.61	182,907.61
10/01/2006	27,766.00	5.800%	182,907.61	210,673.61
4/01/2007	-	-	182,102.40	182,102.40
10/01/2007	28,891.00	5.800%	182,102.40	210,993.40
4/01/2008	-	-	181,264.56	181,264.56
10/01/2008	30,379.00	5.800%	181,264.56	211,643.56
4/01/2009	-	-	180,383.57	180,383.57
10/01/2009	32,316.00	5.800%	180,383.57	212,699.57
4/01/2010	-	-	179,446.40	179,446.40
10/01/2010	34,591.00	5.800%	179,446.40	214,037.40
4/01/2011	-	-	178,443.26	178,443.26
10/01/2011	37,472.00	5.800%	178,443.26	215,915.26
4/01/2012	-	-	177,356.58	177,356.58
10/01/2012	35,885.00	5.800%	177,356.58	213,241.58
4/01/2013	-	-	176,315.91	176,315.91
10/01/2013	39,967.00	5.800%	176,315.91	216,282.91
4/01/2014	-	-	175,156.87	175,156.87
10/01/2014	39,535.00	5.800%	175,156.87	214,691.87
4/01/2015	-	-	174,010.35	174,010.35
10/01/2015	44,578.00	5.800%	174,010.35	218,588.35
4/01/2016	-	-	172,717.59	172,717.59
10/01/2016	45,963.00	5.800%	172,717.59	218,680.59
4/01/2017	-	-	171,384.66	171,384.66
10/01/2017	47,979.00	5.800%	171,384.66	219,363.66
4/01/2018	-	-	169,993.27	169,993.27
10/01/2018	80,662.00	5.800%	169,993.27	250,655.27
4/01/2019	-	-	167,654.08	167,654.08
10/01/2019	83,981.00	5.800%	167,654.08	251,635.08
4/01/2020	-	-	165,218.63	165,218.63
10/01/2020	87,861.00	5.800%	165,218.63	253,079.63
4/01/2021	-	-	162,670.66	162,670.66
10/01/2021	92,497.00	5.800%	162,670.66	255,167.66
4/01/2022	-	-	159,988.24	159,988.24

Series A: \$6,440,000

South Putnam Public Service District, West Virginia
WDA Loan (Loan Program II, 1999 Series A) of \$6,440,000
 Series A

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/2022	97,837.00	5.800%	159,988.24	257,825.24
4/01/2023	-	-	157,150.97	157,150.97
10/01/2023	104,012.00	5.800%	157,150.97	261,162.97
4/01/2024	-	-	154,134.62	154,134.62
10/01/2024	111,069.00	5.800%	154,134.62	265,203.62
4/01/2025	-	-	150,913.62	150,913.62
10/01/2025	123,786.00	5.800%	150,913.62	274,699.62
4/01/2026	-	-	147,323.83	147,323.83
10/01/2026	127,497.00	5.800%	147,323.83	274,820.83
4/01/2027	-	-	143,626.42	143,626.42
10/01/2027	137,192.00	5.800%	143,626.42	280,818.42
4/01/2028	-	-	139,647.85	139,647.85
10/01/2028	207,962.00	5.800%	139,647.85	347,609.85
4/01/2029	-	-	133,616.95	133,616.95
10/01/2029	220,274.00	5.800%	133,616.95	353,890.95
4/01/2030	-	-	127,229.00	127,229.00
10/01/2030	343,812.00	5.800%	127,229.00	471,041.00
4/01/2031	-	-	117,258.46	117,258.46
10/01/2031	404,391.00	5.800%	117,258.46	521,649.46
4/01/2032	-	-	105,531.12	105,531.12
10/01/2032	426,689.00	5.800%	105,531.12	532,220.12
4/01/2033	-	-	93,157.14	93,157.14
10/01/2033	455,537.00	5.800%	93,157.14	548,694.14
4/01/2034	-	-	79,946.56	79,946.56
10/01/2034	481,058.00	5.800%	79,946.56	561,004.56
4/01/2035	-	-	65,995.88	65,995.88
10/01/2035	508,316.00	5.800%	65,995.88	574,311.88
4/01/2036	-	-	51,254.72	51,254.72
10/01/2036	537,411.00	5.800%	51,254.72	588,665.72
4/01/2037	-	-	35,669.80	35,669.80
10/01/2037	568,449.00	5.800%	35,669.80	604,118.80
4/01/2038	-	-	19,184.78	19,184.78
10/01/2038	661,544.00	5.800%	19,184.78	680,728.78
Total	6,440,000.00	-	11,689,002.59	18,129,002.59

Ferris, Baker Watts, Inc.

West Virginia Public Finance Department

File = wdains99.sf-Series A-\$6,440,000

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SCHEDULE Y
REVENUES

In accordance with Subsection 4.1(a) of the Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if 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) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) 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;
- (iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "Local Statute" means Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended.
2. "System" means the 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, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, a permit from the West Virginia Bureau of Public Health.
2. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of the System until all delinquent charges for the services of the System have been fully paid.
3. Subject to any prior or parity obligations described in Schedules X and Y attached to the Loan Agreement, the net revenues derived from the operation of the System are pledged to the payment of the principal of and interest on the Local Bonds.
4. The paying agent for the Local Bonds shall be the West Virginia Municipal Bond Commission or any successor to the functions thereof.

5. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a certificate representing the following:

- (a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or \$100,000;
- (b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years from the date of issuance of the Authority's water development revenue bonds;
- (c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project will be expended for such purpose within three years from the date of issuance of the Authority's water development revenue bonds; and
- (d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds.

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"), and the governmental agency designated below (the "Governmental Agency").

SOUTH PUTNAM PUBLIC SERVICE DISTRICT (1999B)
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

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

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

WHEREAS, the Governmental Agency intends to construct, is constructing or has constructed such a water development 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 Section 5 of the Act and having available sufficient funds therefor, the Authority is willing 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 proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a certain general revenue bond resolution adopted by the Board of the Authority (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development 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," "water development revenue bond," "cost," governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political sub-divisions, and designated in the Application and any qualified successor thereto.

1.3 "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.

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

1.5 "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 with a portion of the proceeds of its water development revenue bonds, all in accordance with the provisions of this Loan Agreement.

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

1.7 "Origination Fee" means the fee paid by a Governmental Agency with respect to its participation in the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987, to provide funds for the acquisition and construction of wastewater Projects.

1.8 "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.

1.9 "Project" means the water development 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 or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.10 "System" means the water development 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.

1.11 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 having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Division of Natural Resources* (or in the process of preparation by such

* Now administered by the West Virginia Division of Environmental Protection.

Director), has been approved by the West Virginia Bureau of Public Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property is approved by the Authority.

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

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

2.6 The Governmental Agency agrees that it will permit the Authority and its agents and representatives to have access to the records of the Governmental Agency pertaining to the operation

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

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

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

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

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

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

2.12 The Governmental Agency, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

Engineers to such effect the form of which certificate is attached hereto as Exhibit A;

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the Resolution or Tax Regulatory Agreement with respect to the exclusion of the interest on the Bonds from gross income of the holder thereof for federal income tax purposes;

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

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

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

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

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the

accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

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

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied

to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program.

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

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

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

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

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

(iv) That, except as otherwise required by State law or with the written consent of the 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; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

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

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

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

Authority, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

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

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

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

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

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

(xx) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that

term is defined in the Code) from time to time as the Authority may request.

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

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 An Origination Fee Account shall be established with the Trustee to hold the portion of the proceeds of any Loan established to fund an Origination Fee. Amounts on deposit in an Origination Fee Account shall belong to the Governmental Agency receiving the related Loan, but such amounts may only be disbursed from the Account to pay the Origination Fee as and when required to satisfy the requirements of the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

4.4 The principal of the Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a semiannual basis as provided in said Schedule X.

4.5 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, 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.

4.6 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.

4.7 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.8 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

4.9 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

ARTICLE V

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

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

the Local Act and in compliance with the provisions of Subsection 4.1(b) (ii) hereof.

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

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

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the

Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

6.4 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

6.5 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.

6.6 Notwithstanding Section 6.5, 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.

6.7 The Governmental Agency hereby agrees to give the Authority prior written notice of the issuance by it of any other obligations to be used for the Project, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

6.8 The Governmental Agency hereby agrees to file with the Authority upon completion of acquisition and construction of

the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency are 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 Schedule X 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.

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

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

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

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

7.7 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be

specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Loan Agreement shall terminate upon the earlier of:

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

(ii) termination by the Authority pursuant to Section 6.3 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.

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.

South Putnam Public Service District
[Proper Name of Governmental Agency]

(SEAL)

By: Carl S. Coffey

Its: Chairman

Attest: Paul D. Stettin

Date: June 16, 1999

Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: Daniel B. Lamberson
Director

Attest: Barbara B. Meadows
Secretary-Treasurer

Date: June 16, 1999

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

1. The Bonds are being issued for the purpose of _____

(the "Project").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least forty years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the _____ of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) (ii) of the Loan Agreement, (vi) that the net proceeds of the Bonds, together with all other moneys on deposit or to be

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

WITNESS my signature on this _____ day of _____, 19__.

By: _____

West Virginia License No. _____

[SEAL]

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, 19__ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$_____, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning _____ 1, 19____, at the respective rate or rates and with principal payable in installments on October 1 in each of the years, all as follows:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
-------------	--------------------	----------------------

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

We have also examined the applicable provisions of _____
_____ of the Code of West Virginia, 1931, as

amended (the "Local Statute"), and the bond _____ duly enacted by the Governmental Agency on _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

Monthly Financial Report

[Name of Governmental Agency]

[Name of Bond Issue]

Fiscal Year - _____

Report Month: _____

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

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

[Name of Governmental Agency]

By: _____
Authorized Officer

ABB0017F

WDA-5X
(May 1993)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$ 5,425,000

Purchase Price of Local Bonds \$ 5,425,000

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of * % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

As of the date of the Loan Agreement, the Local Bonds are subordinate as to source of and security for payment to the following obligations: Water System Note, Series 1997, dated October 30, 1997, issued in the original principal amount of not to exceed \$250,000.

*As set forth in Exhibit 1 attached.

Exhibit 1

Series B: \$5,425,000

South Putnam Public Service District, WV
WDA Loan (Loan Program II, 1999 Series A) of \$5,425,000
 Series B

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/1999	-	-	102,129.86	102,129.86
4/01/2000	-	-	135,171.88	135,171.88
10/01/2000	80,000.00	3.400%	135,171.88	215,171.88
4/01/2001	-	-	133,811.88	133,811.88
10/01/2001	90,000.00	3.750%	133,811.88	223,811.88
4/01/2002	-	-	132,124.38	132,124.38
10/01/2002	90,000.00	3.900%	132,124.38	222,124.38
4/01/2003	-	-	130,369.38	130,369.38
10/01/2003	95,000.00	4.000%	130,369.38	225,369.38
4/01/2004	-	-	128,469.38	128,469.38
10/01/2004	100,000.00	4.100%	128,469.38	228,469.38
4/01/2005	-	-	126,419.38	126,419.38
10/01/2005	100,000.00	4.200%	126,419.38	226,419.38
4/01/2006	-	-	124,319.38	124,319.38
10/01/2006	105,000.00	4.300%	124,319.38	229,319.38
4/01/2007	-	-	122,061.88	122,061.88
10/01/2007	110,000.00	4.375%	122,061.88	232,061.88
4/01/2008	-	-	119,655.63	119,655.63
10/01/2008	115,000.00	4.500%	119,655.63	234,655.63
4/01/2009	-	-	117,068.13	117,068.13
10/01/2009	120,000.00	4.500%	117,068.13	237,068.13
4/01/2010	-	-	114,368.13	114,368.13
10/01/2010	125,000.00	4.700%	114,368.13	239,368.13
4/01/2011	-	-	111,430.63	111,430.63
10/01/2011	130,000.00	4.800%	111,430.63	241,430.63
4/01/2012	-	-	108,310.63	108,310.63
10/01/2012	140,000.00	5.000%	108,310.63	248,310.63
4/01/2013	-	-	104,810.63	104,810.63
10/01/2013	145,000.00	5.000%	104,810.63	249,810.63
4/01/2014	-	-	101,185.63	101,185.63
10/01/2014	155,000.00	5.000%	101,185.63	256,185.63
4/01/2015	-	-	97,310.63	97,310.63
10/01/2015	160,000.00	5.500%	97,310.63	257,310.63
4/01/2016	-	-	92,910.63	92,910.63
10/01/2016	170,000.00	5.500%	92,910.63	262,910.63
4/01/2017	-	-	88,235.63	88,235.63
10/01/2017	180,000.00	5.500%	88,235.63	268,235.63
4/01/2018	-	-	83,285.63	83,285.63
10/01/2018	160,000.00	5.400%	83,285.63	243,285.63
4/01/2019	-	-	78,965.63	78,965.63
10/01/2019	170,000.00	5.300%	78,965.63	248,965.63
4/01/2020	-	-	74,460.63	74,460.63
10/01/2020	180,000.00	5.300%	74,460.63	254,460.63
4/01/2021	-	-	69,690.63	69,690.63
10/01/2021	190,000.00	5.250%	69,690.63	259,690.63
4/01/2022	-	-	64,703.13	64,703.13

South Putnam Public Service District, WV
WDA Loan (Loan Program II, 1999 Series A) of \$5,425,000
Series B

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/2022	200,000.00	5.250%	64,703.13	264,703.13
4/01/2023	-	-	59,453.13	59,453.13
10/01/2023	210,000.00	5.250%	59,453.13	269,453.13
4/01/2024	-	-	53,940.63	53,940.63
10/01/2024	220,000.00	5.125%	53,940.63	273,940.63
4/01/2025	-	-	48,303.13	48,303.13
10/01/2025	225,000.00	5.125%	48,303.13	273,303.13
4/01/2026	-	-	42,537.50	42,537.50
10/01/2026	240,000.00	5.125%	42,537.50	282,537.50
4/01/2027	-	-	36,387.50	36,387.50
10/01/2027	250,000.00	5.125%	36,387.50	286,387.50
4/01/2028	-	-	29,981.25	29,981.25
10/01/2028	200,000.00	5.125%	29,981.25	229,981.25
4/01/2029	-	-	24,856.25	24,856.25
10/01/2029	210,000.00	5.125%	24,856.25	234,856.25
4/01/2030	-	-	19,475.00	19,475.00
10/01/2030	110,000.00	5.125%	19,475.00	129,475.00
4/01/2031	-	-	16,656.25	16,656.25
10/01/2031	75,000.00	5.125%	16,656.25	91,656.25
4/01/2032	-	-	14,734.38	14,734.38
10/01/2032	80,000.00	5.125%	14,734.38	94,734.38
4/01/2033	-	-	12,684.38	12,684.38
10/01/2033	80,000.00	5.125%	12,684.38	92,684.38
4/01/2034	-	-	10,634.38	10,634.38
10/01/2034	85,000.00	5.125%	10,634.38	95,634.38
4/01/2035	-	-	8,456.25	8,456.25
10/01/2035	90,000.00	5.125%	8,456.25	98,456.25
4/01/2036	-	-	6,150.00	6,150.00
10/01/2036	95,000.00	5.125%	6,150.00	101,150.00
4/01/2037	-	-	3,715.63	3,715.63
10/01/2037	100,000.00	5.125%	3,715.63	103,715.63
4/01/2038	-	-	1,153.13	1,153.13
10/01/2038	45,000.00	5.125%	1,153.13	46,153.13
Total	5,425,000.00	-	5,798,646.42	11,223,646.42

SCHEDULE Y
REVENUES

In accordance with Subsection 4.1(a) of the Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if 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) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) 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;
- (iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "Local Statute" means Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended.

2. "System" means the 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, owned by the Governmental Agency, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, a permit from the West Virginia Bureau of Public Health.

2. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of the System until all delinquent charges for the services of the System have been fully paid.

3. Subject to any prior or parity obligations described in Schedules X and Y attached to the Loan Agreement, the net revenues derived from the operation of the System are pledged to the payment of the principal of and interest on the Local Bonds.

4. The paying agent for the Local Bonds shall be the West Virginia Municipal Bond Commission or any successor to the functions thereof.

5. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a certificate representing the following:

- (a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or \$100,000;
- (b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years from the date of issuance of the Authority's water development revenue bonds;
- (c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project will be expended for such purpose within three years from the date of issuance of the Authority's water development revenue bonds; and
- (d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds.



**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 28th day of May, 1999.

CASE NO. 98-0819-PWD-CN

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Revised application for a certificate of convenience and necessity to construct a four-stage water service extension project to serve unserved customers in Putnam County, and for approval of rates and charges and financing incidental thereto.

COMMISSION ORDER

On October 16, 1998, South Putnam Public Service District filed an application for a certificate of convenience and necessity to construct Phase I of a three-phase water extension project to be constructed during the period 1998 through 2005.

On December 11, 1998, a Recommended Decision was issued approving construction of Phase I.

Approval for construction of Phase I was not finalized due to a filing on December 23, 1998, by West Virginia American Water Company (WVAWC) and the Putnam County Commission (County) titled Joint Petition to Intervene (Joint Petition) and Joint Motion to Set Aside the Recommended Decision (Joint Motion).

On December 28, 1998, the Commission issued an Order staying the Recommended Decision and requiring the District to respond to the Joint Petition and Joint Motion.

Thereafter, numerous citizens filed letters and signed petitions protesting delay of the certificated project.

On February 26, 1999, the District filed a Motion For Revision to its Application for a Certificate of Convenience and Necessity (Motion for Revision). The Motion for Revision included a request for approval of an Agreement to Construct Water Line Extensions in Putnam County (Agreement) between the District, the County and WVAWC. The District

requested expedited treatment of its Motion for Revision.

In its Motion for Revision, the District stated that it no longer intended to limit the scope of this certificate proceeding to Phase I of the greater project. The District requests that this proceeding be expanded to include the service areas of Phases I and II, and a Washington Hill extension that was not originally contained on Phases I or II, which will result in service to 205 additional residences and businesses now in existence and to substantial tracts of developable land.

The District now proposes to construct the revised project in four stages as follows:

- Stage 1 The line from Cow Creek to Peach Ridge Road. The booster station on Cow Creek, then the Peach Ridge tank. The line along Peach Ridge Road to a point 1,000 feet south of the Peach Ridge Church, the line from Peach Ridge Road to the tank and off the hill to Foster Road, and all of Foster Road and the contaminated wells of Trace Creek Road.
- Stage 2 Installation of approximately 19,655 feet of eight and six inch mains, and all necessary services, valves, hydrants and miscellaneous appurtenances to provide service to approximately 51 residences and businesses in the areas of Hurricane Creek, Coon Creek and Sleepy Creek roads.
- Stage 3 Installation of approximately 25,985 feet of eight and six inch mains, and all necessary services, valves, hydrants, and miscellaneous appurtenances to provide service to approximately 81 residences and businesses in the areas of Hurricane Creek, Bird Road, and Washington Hill Road.
- Stage 4 Installation of 43,910 feet of eight and six inch mains, and all necessary services, valves, hydrants, and miscellaneous appurtenances to provide service to approximately 73 residences and businesses in the areas of Black Lick Road, Poindexter Road, Peach Ridge Road, Hurricane Waste Water Plant Road, and remaining line on Trace Creek Road.

Due to the expanded scope of the revised project, costs of the revised project are now estimated not to exceed \$6,750,000, in comparison to costs of the original Phase I project which were estimated not to exceed \$800,000.

Interim financing is available to the District through a twelve month loan in the amount of \$800,000, at 6.75% interest from the Putnam County Bank.

Permanent financing is anticipated to be provided by a loan from the West Virginia Water Development Authority (WDA) to cover project costs and refinanced debt as described below.

Because of the favorable financing terms available from WDA, the District intends to refinance and include \$1,555,000 of borrowing related to its certificate obtained in Case No. 96-0470-PWD-CN (final order October 22, 1997, granting certificate to upgrade water treatment plant, reinforce transmission system, and extend service to additional customers), with the revised project borrowing in this proceeding, for a total project related borrowing from WDA of \$6,500,000. The District calculates that the refinancing of existing debt will save it \$392,000 over the life of the new borrowing.

The District additionally intends to finance the debt associated with its much delayed acquisition of Kanawha Orchard, approved in Case No. 92-0644-PSWD-PC (final order November 30, 1992). Combining the Kanawha Orchard debt with the revised project related debt will bring the total borrowing from the WDA to \$11,865,000, at an interest rate not to exceed 6.00% over a term of 40 years.

Additional project financing includes a grant in the amount of \$50,000 from the Putnam County Commission and a grant of \$50,000 from the West Virginia Legislature's Budget Digest.

The increased scope of the revised project and the proposed financing will result in a rate increase of 8% instead of the 5% originally noticed to the public in connection with Phase I. An 8% rate increase will cause an increase in an average residential water bill from \$18.82 per month to \$20.33 per month (assuming average consumption of 4,500 gallons per month). The revised project will result in the rates for the District's customers attached thereto as Appendix A.

By Amended Notice of Filing issued March 18, 1999, the Commission required the District to give notice of the revised project by publishing a copy of the Amended Notice of Filing once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Putnam County. The notice provided that anyone desiring to make objection to said application must do so in writing to the Commission, within thirty (30) days after publication of the notice.

On March 22, 1999, WDA filed a letter committing to loan the District \$11,865,000.

On March 30, 1999, the District filed affidavits of publication establishing that the Amended Notice of Filing had been published on March 25, 1999 in *The Hurricane Breeze*.

The protest period during which members of the public could object in writing to the revised project expired on April 24, 1999. As of the date of this Order, no protests have been filed.

On April 28, 1999, Commission Staff filed a Further Final Joint Staff Memorandum in this proceeding recommending that the revised certificate application and financing be approved.

On May 5, 1999, WVAWC filed a letter objecting to Staff's inclusion of an area designated as "the Cow Creek/Route 35 corridor" as part of the revised project. The letter stated that this area should not have been included in Staff's discussion because it was specifically excluded from the areas for which the District would seek a certificate of convenience and necessity. WVAWC opined that inclusion of this areas was an error and requested that the Staff issue a revised memorandum deleting references to "Cow Creek/Route 35 corridor".

On May 14, 1999, Commission Staff filed a Further Final Joint Staff Memorandum attaching a revised page 2 of its memorandum filed on April 28, 1999. The revised page 2 does not include "the Cow Creek/Route 35 corridor" language.

It is appropriate to grant the revised application, pursuant to West Virginia Code §§16-13A-25 and 24-2-11, and to approve the four-stage project, its funding, and the proposed rate increases, because the public convenience and necessity require the project, the funding is appropriate, and no protest has been filed.

In addition, as requested in the District's Motion for Revision, the Commission will direct the District to move forward under the financing plan set forth on page 3, paragraph 8.a. of the Motion for Revision and paragraph 2 of the Agreement, and the construction schedule set forth in paragraphs 8.b. and c. of the Motion for Revision and paragraph 3 of the Agreement. Furthermore, this Order does not approve or grant a certificate of convenience and necessity with respect to Phase III of the District's original project, and any decision with respect to the construction contemplated under Phase III will not be dependent upon or determined by the outcome of this case or the District's construction of the Revised Project. The District will be required to make a preliminary filing with respect to any construction of facilities under Phase III, and any interested water utility shall be free to serve the Phase III area in accordance with the provisions of the *West Virginia Code*, the Commission's Rules and Regulations and the *Pipes for Putnam II Final Report*, dated December 13, 1998 presented to the Putnam County Chamber of Commerce by Benatec Associates, Inc.

Finally, the Commission acknowledges that the parties have agreed that the

Memorandum of Understanding dated August 14, 1996 between WVAWC and the District is null and of no force and effect, and that the alleged delineation of service areas asserted by the District in its January 11, 1999 *Opposition to the Joint Petition* in this proceeding does not bind WVAWC, the District or the County Commission.

FINDINGS OF FACT

1. On October 16, 1998, South Putnam Public Service District filed an application for a certificate of convenience and necessity to construct Phase I of a three-phase water extension project to be constructed during the period 1998 through 2005.

2. On December 11, 1998, a Recommended Decision was issued approving construction of Phase I.

3. Approval for construction of Phase I was not finalized due to a filing on December 23, 1998, by West Virginia American Water Company (WVAWC) and the Putnam County Commission (County) titled Joint Petition to Intervene and Joint Motion To Set Aside the Recommended Decision.

4. On December 28, 1998, the Commission issued an Order staying the Recommended Decision and requiring the District to respond to the Joint Petition and Joint Motion.

5. Thereafter, numerous citizens filed letters and signed petitions protesting delay of the certificated project.

6. On February 26, 1999, the District filed a Motion For Revision to its Application for a Certificate of Convenience and Necessity. The Motion for Revision included a request for approval of an Agreement to Construct Water Line Extensions in Putnam County between the District, the County and WVAWC. The District requested expedited treatment of its Motion for Revision.

7. In its Motion for Revision, the District stated that it no longer intended to limit the scope of this certificate proceeding to Phase I of the greater project. The District requested that this proceeding be expanded to include the service areas of Phases I and II, and a Washington Hill extension that was not originally contained on Phases I or II, which will result in service to 205 additional residences and businesses now in existence and to substantial tracts of developable land.

8. The District now proposes to construct the revised project in four stages as described above.

9. Due to the expanded scope of the revised project, costs of the revised project are now estimated not to exceed \$6,750,000, in comparison to costs of the original Phase I project which were estimated not to exceed \$800,000.

10. Interim financing is available to the District through a twelve month loan in the amount of \$800,000, at 6.75% interest from the Putnam County Bank.

11. Permanent financing is anticipated to be provided by a loan from the West Virginia Water Development Authority (WDA) to cover project costs and refinanced debt as described below.

12. Because of the favorable financing terms available from WDA, the District intends to refinance and include \$1,555,000 of borrowing related to its certificate obtained in Case No. 96-0470-PWD-CN (final order October 22, 1997 granting certificate to upgrade water treatment plant, reinforce transmission system, and extend service to additional customers), with the revised project borrowing in this proceeding, for a total project related borrowing from WDA of \$6,500,000.

13. The District calculates that the refinancing of existing debt will save it \$392,000 over the life of the new borrowing.

14. The District additionally intends to finance the debt associated with its much delayed acquisition of Kanawha Orchard, approved in Case No. 92-0644-PSWD-PC (final order November 30, 1992). Combining the Kanawha Orchard debt with the revised project related debt will bring the total borrowing from the WDA to \$11,865,000, at an interest rate not to exceed 6.00% over a term of 40 years.

15. Additional project financing includes a grant in the amount of \$50,000 from the Putnam County Commission and a grant of \$50,000 from the West Virginia Legislature's Budget Digest.

16. The increased scope of the revised project and the proposed financing will result in a rate increase of 8% instead of the 5% originally noticed to the public in connection with Phase I.

17. An 8% rate increase will cause an increase in an average residential water bill from \$18.82 per month to \$20.33 per month (assuming average consumption of 4,500 gallons per month).

18. The revised project will result in the rates for the District's customers attached hereto as Appendix A.

19. By Amended Notice of Filing issued March 18, 1999, the Commission required the District to give notice of the revised project by publishing a copy of the Amended Notice of Filing once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Putnam County. The notice provided that anyone desiring to make objection to said application must do so in writing to the Commission, within thirty (30) days after publication of the notice.

20. On March 22, 1999, WDA filed a letter committing to loan the District \$11,865,000.

21. On March 30, 1999, the District filed affidavits of publication establishing that the Amended Notice of Filing had been published on March 25, 1999 in *The Hurricane Breeze*.

22. The protest period during which members of the public could object in writing to the revised project expired on April 24, 1999. As of the date of this Order, no protests have been filed.

23. On April 28, 1999, Commission Staff filed a Further Final Joint Staff Memorandum in this proceeding recommending that the revised certificate application and financing be approved.

24. On May 5, 1999, WVAWC filed a letter objecting to Staff's inclusion of an area designated as "the Cow Creek/Route 35 corridor" as part of the revised project.

25. On May 14, 1999, Commission Staff filed a Further Final Joint Staff Memorandum attaching a revised page 2 of its memorandum filed on April 28, 1999. The revised page 2 does not include "the Cow Creek/Route 35 corridor" language.

CONCLUSION OF LAW

1. It is appropriate to grant the revised application, pursuant to West Virginia Code §§16-13A-25 and 24-2-11, and to approve the four-stage project, its funding, and the proposed rate increases, because the public convenience and necessity require the project, the funding is appropriate, and no protest has been filed.

2. It is appropriate to approve the Agreement as a resolution of the differences between the parties and the basis for granting the foregoing certificate.

3. This Order does not approve or grant a certificate of convenience and necessity with respect to Phase III of the District's original project, and any decision with respect to

the construction contemplated under Phase III will not be dependent upon or determined by the outcome of this case or the District's construction of the Revised Project.

4. The District will be required to make a preliminary filing with respect to any construction of facilities under Phase III, and any interested water utility shall be free to serve the Phase III area in accordance with the provisions of the *West Virginia Code*, the Commission's Rules and Regulations and the *Pipes for Putnam II Final Report*, dated December 13, 1998 presented to the Putnam County Chamber of Commerce by Benatec Associates, Inc.

5. The parties have agreed that the Memorandum of Understanding dated August 14, 1996 between WVAWC and the District is null and of no force and effect, and that the alleged delineation of service areas asserted by the District in its January 11, 1999 *Opposition to the Joint Petition* in this proceeding does not bind WVAWC, the District or the County Commission.

ORDER

IT IS THEREFORE ORDERED that the Agreement to Construct Water Line Extensions in Putnam County, West Virginia, by and between The Putnam County Commission, South Putnam Public Service District and West Virginia-American Water Company, attached to the Motion for Revision as Exhibit 1, is hereby approved as a resolution of the differences between the parties in this proceeding.

IT IS FURTHER ORDERED that the revised application for a certificate of convenience and necessity, filed on February 26, 1999 by the South Putnam Public Service District, to construct a four-stage water service extension project as described above, is hereby granted.

IT IS FURTHER ORDERED that the funding for the four-stage project is hereby approved as follows: (1) interim financing from Putnam County Bank in the amount of \$800,000, at 6.75% interest for twelve months, (2) a WDA loan in the amount of \$11,865,000, at 6.00% interest for 40 years, which includes \$6,500,000 in project-related debt combined with refinancing of existing debt, (3) a grant in the amount of \$50,000 from the Putnam County Commission, and (4) a grant in the amount of \$50,000 from the West Virginia Legislature's Budget Digest.

IT IS FURTHER ORDERED that the rate increases contained in the Approved Tariff, attached hereto as Appendix A, is hereby approved, to become effective upon completion of the four-stage project.

IT IS FURTHER ORDERED that the District file its newly approved tariff with the Commission within twenty (20) days of the date of this Order.

IT IS FURTHER ORDERED that the District shall move forward under the financing plan set forth on page 3, paragraph 8.a. of the Motion for Revision and paragraph 2 of the Agreement.

IT IS FURTHER ORDERED that the District shall move forward under the construction schedule set forth in paragraphs 8.b. and c. of the Motion for Revision and paragraph 3 of the Agreement.

IT IS FURTHER ORDERED that if there is any change in the cost, scope, terms, conditions or scheduling of the four-stage project, the District shall file a petition with the Commission for approval of any such revisions.

IT IS FURTHER ORDERED that this Order does not approve or grant a certificate of convenience and necessity with respect to Phase III of the District's original project, and any decision with respect to the construction contemplated under Phase III will not be dependent upon or determined by the outcome of this case or the District's construction of the Revised Project.

IT IS FURTHER ORDERED that the District will be required to make a preliminary filing with respect to any construction of facilities under Phase III, and any interested water utility shall be free to serve the Phase III area in accordance with the provisions of the *West Virginia Code*, the Commission's Rules and Regulations and the *Pipes for Putnam II Final Report*, dated December 13, 1998 presented to the Putnam County Chamber of Commerce by Benatec Associates, Inc.

IT IS FURTHER ORDERED that the parties have agreed that the Memorandum of Understanding dated August 14, 1996 between WVAWC and the District is null and of no force and effect, and that the alleged delineation of service areas asserted by the District in its January 11, 1999 *Opposition to the Joint Petition* in this proceeding does not bind WVAWC, the District or the County Commission.

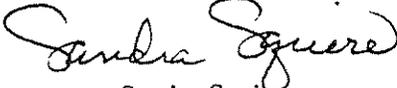
IT IS FURTHER ORDERED that those portions of the Recommended Decision issued December 11, 1998 that are inconsistent with this order are hereby rejected.

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

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

JML/seg
980819cd.wpd

A True Copy, Teste:


Sandra Squire
Executive Secretary

SOUTH PUTNAM PUBLIC SERVICE DISTRICT
CASE NO. 98-0819-PWD-CN
APPROVED TARIFF

Schedule 1

Applicability

Applicable to entire territory served.

Availability

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

Rate

First	2,000 gallons used per month	Minimum Rate
Next	23,000 gallons used per month	\$3.23 per 1,000 gallons
Next	975,000 gallons used per month	\$2.97 per 1,000 gallons
Next	1,000,000 gallons used per month	\$2.04 per 1,000 gallons

Minimum Rate

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

5/8	Inch or 3/4 inch meter	\$ 12.25 per month
1	Inch meter	\$ 30.62 per month
1-1/4	Inch meter	\$ 44.70 per month
1-1/2	Inch meter	\$ 61.24 per month
2	Inch meter	\$ 97.98 per month
4	Inch meter	\$306.18 per month
6	Inch meter	\$612.36 per month
8	Inch meter	\$979.78 per month

Tap Fee

The charge for installing a meter and making a tap for a service connection is \$250.00.

Reconnection Service Charge

\$ 25.00

Delayed Payment Penalty

The above rates are net. On all current usage billings not paid in full within twenty (20 days) of the billing date, ten percent (10%) penalty may be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

Returned Checks for Insufficient Funds

If a check received is returned by the bank for any reason, the bank's charge to the South Putnam Public Service District shall be the District's charge to the customer for such a bad check, but such charge to the customer shall not exceed \$15.00.

Incremental Cost of Water Purchased and Produced

\$0.37 M Gal. To be used to bill customer leaks beyond historical average usage.

Schedule 1-A

Applicability

Applicable in territory formerly served by Kanawha Orchard Public Service District.

Availability

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

Rate

First	3,000 gallons used per month	\$5.25 per 1,000 gallons
Next	7,000 gallons used per month	\$5.00 per 1,000 gallons
Next	10,000 gallons used per month	\$4.75 per 1,000 gallons

Minimum Charge

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

5/8	Inch or 3/4 inch meter or smaller	\$ 15.75 per month
1	Inch meter	\$ 39.38 per month
1-1/2	Inch meter	\$ 78.75 per month
2	Inch meter	\$126.00 per month
4	Inch meter	\$236.25 per month
6	Inch meter	\$393.75 per month
8	Inch meter	\$787.50 per month

Reconnection Service Charge

If water service is terminated for violation of the rules of Kanawha Orchard Public Service District or the Public Service Commission, nonpayment of bills, fraudulent use of water, or on request of the customer, the reconnection charge shall be \$15.00

Connection Fee

A connection fee will be charged according to the following schedule:

Service Connection Fee \$200.00

Schedule 2

Applicability

Applicable in entire territory served.

Availability

Available for private fire protection.

Rate

The monthly rate for private fire protection will be \$28.62 per hydrant to sprinkler connection.

Fire Service Tap Fee

The tap for connection of private fire hydrants or sprinkler connections shall be the actual cost of making said connection.

Reconnection Charge and Delayed Payment Penalty

The connection service charge and delayed payment penalty set forth in Schedule 1 is applicable to Schedule 2.



West Virginia Infrastructure & Jobs Development Council

Public Members:

James D. Williams, Chairman
St. Albans
James L. Harrison, Sr., Vice Chairman
Princeton
Lloyd P. Adams, RE
Wheeling
Sheel L. Fletcher
Morgantown

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

Susan J. Riggs, Esquire
Executive Secretary

RECEIVED

APR 21 1999

SOUTH PUTNAM P.S.D.
April 20, 1999

Fred D. Stottlemeyer, General Manager
South Putnam Public Service District
P.O. Box 147
Scott Depot, West Virginia 25560-0417

Re: Water System Improvements Projects 95W-187/96W-265

Dear Mr. Stottlemeyer:

The West Virginia Infrastructure and Jobs Development Council (the "Council"), at its April 7, 1999 meeting, reviewed the South Putnam Public Service District's (the "District") request for a revised funding plan for several projects. Specifically, the proposed projects include (1) acquisition of Kanawha Orchard Public Service District, (2) upgrade of the District's distribution system, including transmission mains, booster stations and storage tanks, and (3) the revised Hurricane Creek Extension. Additionally, funds are needed to refinance outstanding USDA Rural Utilities Service debt. The District has requested approval to pursue a Water Development Authority ("WDA") loan of \$11,865,000, which will be partially in lieu of previously proposed Infrastructure Fund assistance and USDA Rural Utilities Service assistance.

Pursuant to its review of the District's request, the Council determined that the District should pursue WDA funding of \$11,865,000 to finance the proposed projects. Please contact the WDA at 558-3612 for specific information on the steps the District needs to follow to apply for this loan. **Please note that this letter does not constitute funding approval from the WDA.**

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

Sincerely,



James D. Williams

JDW/rc

cc: Daniel B. Yonkosky

5

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1999 A and Series 1999 B
(West Virginia Water Development Authority)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of South Putnam Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 16th day of June, 1999, the Authority received the South Putnam Public Service District Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), issued in the principal amount of \$6,440,000, as a single, fully registered Bond, numbered AR-1 and dated June 16, 1999, and the South Putnam Public Service District Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), issued in the principal amount of \$5,450,000, as a single fully registered Bond, numbered BR-1 and dated June 16, 1999 (collectively, the "Bonds").

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

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of the proceeds of the Series 1999 A Bonds in the aggregate principal amount of \$6,440,000 (100% of par value), there being no interest accrued thereon, and the proceeds of the Series 1999 B Bonds in the aggregate principal amount of \$5,259,581.38 (par value of \$5,425,000, less Authority's discount of \$165,418.62), there being no interest accrued thereon.

WITNESS our respective signatures on this 16th day of June, 1999.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Barbara B Meadows
Authorized Representative

SOUTH PUTNAM PUBLIC SERVICE
DISTRICT

Carl S. Coffey, Jr.
Chairman

06/14/99
847280/98003

LOAN PROGRAM II
REQUISITION AS TO LOAN TO GOVERNMENTAL AGENCY

TO: The Bank of New York, Trustee

- A. Name of Governmental Agency to which payment is to be made: South Putnam Public Service District (West Virginia)
- B. Total Amount to be paid: \$6,440,000
- C. Certification by Water Development Authority.

I hereby certify that under the terms and provisions of the Loan Agreement providing for the Loan to the above-captioned Governmental Agency, dated as of June 16, 1999, said Governmental Agency has sold its South Putnam Public Service District Water Revenue Bonds, Series 1999A (the "Local Bond") to the Authority in the principal amount equal to the amount of the Loan set forth in (B) above, that such Governmental Agency is obligated to make Local Bond Payment and to pay Fees and Charges in accordance with Section 9.09 of the General Resolution and that such Governmental Agency is not in default under any of the terms or provisions of said Loan Agreement.

I further certify that the Local Bond Payments, and other moneys available therefor, will be sufficient to pay interest on and Principal Installments of the Local Bond, the proceeds of which were used to fund the Loan Obligation, as such interest and Principal Installments come due.

The above certification complies with Subsections 6.06(2)(a)(ii) and (v) of the General Resolution.



Authorized Representative
West Virginia Water Development Authority

DATE: June 16, 1999
147869

LOAN PROGRAM II
REQUISITION AS TO LOAN TO GOVERNMENTAL AGENCY

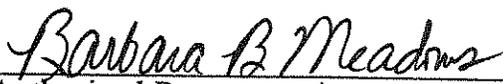
TO: The Bank of New York, Trustee

- A. Name of Governmental Agency to which payment is to be made: South Putnam Public Service District (West Virginia)
- B. Total Amount to be paid: \$5,425,000
- C. Certification by Water Development Authority.

I hereby certify that under the terms and provisions of the Loan Agreement providing for the Loan to the above-captioned Governmental Agency, dated as of June 16, 1999, said Governmental Agency has sold its South Putnam Public Service District Water Revenue Bonds, Series 1999B (the "Local Bond") to the Authority in the principal amount equal to the amount of the Loan set forth in (B) above, that such Governmental Agency is obligated to make Local Bond Payment and to pay Fees and Charges in accordance with Section 9.09 of the General Resolution and that such Governmental Agency is not in default under any of the terms or provisions of said Loan Agreement.

I further certify that the Local Bond Payments, and other moneys available therefor, will be sufficient to pay interest on and Principal Installments of the Local Bond, the proceeds of which were used to fund the Loan Obligation, as such interest and Principal Installments come due.

The above certification complies with Subsections 6.06(2)(a)(ii) and (v) of the General Resolution.



Authorized Representative
West Virginia Water Development Authority

DATE: June 16, 1999
147872

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1999 A and Series 1999 B
(West Virginia Water Development Authority)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the South Putnam Public Service District Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), in the principal amount of \$6,440,000, dated June 16, 1999, and Bond No. BR-1, constituting the entire original issue of the South Putnam Public Service District Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), in the principal amount of \$5,425,000, dated June 16, 1999 (collectively, the "Bonds"), executed by the Chairman and Secretary of South Putnam Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution and a Supplemental Resolution, both duly adopted by the Issuer on June 15, 1999 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-captioned Bond issue, duly certified by the Secretary of the Issuer;

(3) Executed counterparts of two loan agreements, each dated June 16, 1999, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (the "Loan Agreements");

(4) A Receipt from the United States Department of Agriculture, Rural Utilities Service, reflecting payment in full of the Issuer's Prior Bonds; and

(5) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Series 1999 A Bonds to the Authority upon payment to the account of the Issuer of the sum of \$6,440,000, representing the agreed purchase price of the Bonds, there being no accrued interest thereon and to deliver the Series 1999 B Bonds to the Authority upon payment to the account of the Issuer of the sum of \$5,259,581.38, representing the agreed purchase price of the Series 1999 B Bonds of \$5,425,000 (par value), less the Authority's discount of \$165,418.62, there being no accrued interest thereon. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated this 16th day of June, 1999.

SOUTH PUTNAM PUBLIC SERVICE DISTRICT


Chairman

06/15/99
847280/98003

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTH PUTNAM PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 1999 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1

\$6,440,000

KNOW ALL MEN BY THESE PRESENTS: That SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Putnam 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 SIX MILLION FOUR HUNDRED FORTY THOUSAND DOLLARS (\$6,440,000), in installments on October 1 of each year, beginning October 1, 2000, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1999. 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"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreements between the Issuer and the Authority, dated June 16, 1999.

This Bond is issued to provide funds, along with other available monies of the Issuer (i) to pay of the costs of acquisition and construction of certain improvements and

extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv) to pay certain costs of issuance hereof and related costs. The existing public waterworks system 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on June 15, 1999, and a Supplemental Resolution duly adopted by the Issuer on June 15, 1999 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED THE DATE HEREOF, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$5,425,000 (THE "SERIES 1999 B BONDS"), AND SENIOR AND PRIOR TO THE ISSUER'S WATER SYSTEM NOTE, SERIES 1997, DATED OCTOBER 30, 1997, ISSUED IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$250,000 (THE "SERIES 1997 NOTE").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1999 B Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1999 A Bonds Reserve Account") and unexpended proceeds of the Bonds, and senior and prior to the lien on Surplus Revenues in favor of the Holder of the Series 1997 Note. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1999 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other

obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Series 1999 B Bonds; provided however, that so long as there exists in the Series 1999 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Series 1999 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

All provisions of the 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, SOUTH PUTNAM 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 June 16, 1999.

[SEAL]

Carl S. [Signature]
Chairman

ATTEST:

[Signature]
Secretary

SPECIMEN

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: June 16, 1999.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

Charlotte S. [Signature]

Authorized Officer

SPECIMEN

South Putnam Public Service District, West Virginia
WDA Loan (Loan Program II, 1999 Series A) of \$6,440,000
 Series A

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/1999	-	-	108,943.33	108,943.33
4/01/2000	-	-	186,760.00	186,760.00
10/01/2000	23,356.00	5.800%	186,760.00	210,116.00
4/01/2001	-	-	186,082.68	186,082.68
10/01/2001	17,431.00	5.800%	186,082.68	203,513.68
4/01/2002	-	-	185,577.18	185,577.18
10/01/2002	21,817.00	5.800%	185,577.18	207,394.18
4/01/2003	-	-	184,944.48	184,944.48
10/01/2003	21,592.00	5.800%	184,944.48	206,536.48
4/01/2004	-	-	184,318.32	184,318.32
10/01/2004	21,645.00	5.800%	184,318.32	205,963.32
4/01/2005	-	-	183,690.61	183,690.61
10/01/2005	27,000.00	5.800%	183,690.61	210,690.61
4/01/2006	-	-	182,907.61	182,907.61
10/01/2006	27,766.00	5.800%	182,907.61	210,673.61
4/01/2007	-	-	182,102.40	182,102.40
10/01/2007	28,891.00	5.800%	182,102.40	210,993.40
4/01/2008	-	-	181,264.56	181,264.56
10/01/2008	30,379.00	5.800%	181,264.56	211,643.56
4/01/2009	-	-	180,383.57	180,383.57
10/01/2009	32,316.00	5.800%	180,383.57	212,699.57
4/01/2010	-	-	179,446.40	179,446.40
10/01/2010	34,591.00	5.800%	179,446.40	214,037.40
4/01/2011	-	-	178,443.26	178,443.26
10/01/2011	37,472.00	5.800%	178,443.26	215,915.26
4/01/2012	-	-	177,356.58	177,356.58
10/01/2012	35,885.00	5.800%	177,356.58	213,241.58
4/01/2013	-	-	176,315.91	176,315.91
10/01/2013	39,967.00	5.800%	176,315.91	216,282.91
4/01/2014	-	-	175,156.87	175,156.87
10/01/2014	39,535.00	5.800%	175,156.87	214,691.87
4/01/2015	-	-	174,010.35	174,010.35
10/01/2015	44,578.00	5.800%	174,010.35	218,588.35
4/01/2016	-	-	172,717.59	172,717.59
10/01/2016	45,963.00	5.800%	172,717.59	218,680.59
4/01/2017	-	-	171,384.66	171,384.66
10/01/2017	47,979.00	5.800%	171,384.66	219,363.66
4/01/2018	-	-	169,993.27	169,993.27
10/01/2018	80,662.00	5.800%	169,993.27	250,655.27
4/01/2019	-	-	167,654.08	167,654.08
10/01/2019	83,981.00	5.800%	167,654.08	251,635.08
4/01/2020	-	-	165,218.63	165,218.63
10/01/2020	87,861.00	5.800%	165,218.63	253,079.63
4/01/2021	-	-	162,670.66	162,670.66
10/01/2021	92,497.00	5.800%	162,670.66	255,167.66
4/01/2022	-	-	159,988.24	159,988.24

Series A: \$6,440,000

South Putnam Public Service District, West Virginia
WDA Loan (Loan Program II, 1999 Series A) of \$6,440,000
 Series A

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/2022	97,837.00	5.800%	159,988.24	257,825.24
4/01/2023	-	-	157,150.97	157,150.97
10/01/2023	104,012.00	5.800%	157,150.97	261,162.97
4/01/2024	-	-	154,134.62	154,134.62
10/01/2024	111,069.00	5.800%	154,134.62	265,203.62
4/01/2025	-	-	150,913.62	150,913.62
10/01/2025	123,786.00	5.800%	150,913.62	274,699.62
4/01/2026	-	-	147,323.83	147,323.83
10/01/2026	127,497.00	5.800%	147,323.83	274,820.83
4/01/2027	-	-	143,626.42	143,626.42
10/01/2027	137,192.00	5.800%	143,626.42	280,818.42
4/01/2028	-	-	139,647.85	139,647.85
10/01/2028	207,962.00	5.800%	139,647.85	347,609.85
4/01/2029	-	-	133,616.95	133,616.95
10/01/2029	220,274.00	5.800%	133,616.95	353,890.95
4/01/2030	-	-	127,229.00	127,229.00
10/01/2030	343,812.00	5.800%	127,229.00	471,041.00
4/01/2031	-	-	117,258.46	117,258.46
10/01/2031	404,391.00	5.800%	117,258.46	521,649.46
4/01/2032	-	-	105,531.12	105,531.12
10/01/2032	426,689.00	5.800%	105,531.12	532,220.12
4/01/2033	-	-	93,157.14	93,157.14
10/01/2033	455,537.00	5.800%	93,157.14	548,694.14
4/01/2034	-	-	79,946.56	79,946.56
10/01/2034	481,058.00	5.800%	79,946.56	561,004.56
4/01/2035	-	-	65,995.88	65,995.88
10/01/2035	508,316.00	5.800%	65,995.88	574,311.88
4/01/2036	-	-	51,254.72	51,254.72
10/01/2036	537,411.00	5.800%	51,254.72	588,665.72
4/01/2037	-	-	35,669.80	35,669.80
10/01/2037	568,449.00	5.800%	35,669.80	604,118.80
4/01/2038	-	-	19,184.78	19,184.78
10/01/2038	661,544.00	5.800%	19,184.78	680,728.78
Total	6,440,000.00	-	11,689,002.59	18,129,002.59

Ferris, Baker Watts, Inc.

West Virginia Public Finance Department

File = wdains99.sf-Series A-\$6,440,000

6/14/1999 4:28 PM

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

06/15/99
847280/98003

STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER
SEVENTH FLOOR
P. O. BOX 1588

CHARLESTON, W. VA. 25326-1588

(304) 353-8000

FACSIMILE (304) 353-8180

BANK ONE CENTER, SIXTH FLOOR
P. O. BOX 2190
CLARKSBURG, W. VA. 26302-2190
(304) 624-8000
FACSIMILE (304) 624-8183

1000 HAMPTON CENTER
P. O. BOX 1816
MORGANTOWN, W. VA. 26507-1816
(304) 598-8000
FACSIMILE (304) 598-8116

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 263-6991
FACSIMILE (304) 262-3541

RILEY BUILDING, FOURTH FLOOR
14TH AND CHAPLINE STREETS
P. O. BOX 150
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK
200 STAR AVENUE, SUITE 220
P. O. BOX 628
PARKERSBURG, W. VA. 26102-0628
(304) 422-6463
FACSIMILE (304) 422-6462

ALAN B. MOLLOHAN INNOVATION CENTER
1000 TECHNOLOGY DRIVE
P. O. BOX 2210
FAIRMONT, W. VA. 26554-8824
(304) 368-8000
FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

June 16, 1999

South Putnam Public Service District
Water Revenue Bonds, Series 1999 A and Series 1999 B
(West Virginia Water Development Authority)

South Putnam Public Service District
Scott Depot, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by South Putnam Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$6,440,000 Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority) and its \$5,425,000 Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), all dated the date hereof (collectively, the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement for the Series 1999 A Bonds, dated June 16, 1999, including all schedules and exhibits attached thereto, and the authorization of a loan agreement for the Series 1999 B Bonds, dated June 16, 1999, including all schedules and exhibits attached thereto (collectively, the "Loan Agreements"), each between the Issuer and the West Virginia Water Development Authority (the "Authority"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreements. The Series 1999 A Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 1999, at the rate of 5.8% per annum, and with principal installments payable on October 1 of each year, commencing October 1, 2000, and ending October 1, 2038, all as set forth in "Schedule X," attached to the Loan Agreement for the Series 1999 A Bonds and incorporated in and made

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a part of the Series 1999 A Bonds. The Series 1999 B Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 1999, at the rates per annum reflected on the Schedule A attached to the Bonds, and with principal installments payable on October 1 of each year, commencing October 1, 1999, and ending October 1, 2038, all as set forth in "Schedule X," attached to the Loan Agreement for the Series 1999 B Bonds and incorporated in and made a part of the Series 1999 B Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of paying, in conjunction with other available funds of the Issuer, (i) the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); (ii) currently refunding the Issuer's Prior Bonds; (iii) funding reserve accounts for the Bonds; (iv) capitalizing interest on the Series 1999 A Bonds; and (v) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on June 15, 1999, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 15, 1999 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreements have been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreements.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Bonds from gross income for federal income tax purposes, are and will continue to be met.

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, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to acquire and construct the Project, to refund the Issuer's Prior Bonds, to operate and maintain the System and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreements have been duly authorized by and executed on behalf of the Issuer, are valid and binding special obligations of the Issuer enforceable in accordance with the terms thereof, and inure to the benefit of the Authority and cannot be amended by the Issuer so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, senior and prior with respect to liens, pledge and source of and security for payment to the Issuer's Water System Note, Series 1997, dated October 30, 1997, all in accordance with the terms of the Bonds and the Bond Legislation.

5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

7. Contemporaneous with the issuance of the Series 1999 Bonds, the Issuer's Prior Bonds have been defeased and paid in full.

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

South Putnam Public Service District, et al.

Page 4

We have examined the executed and authenticated Bonds numbered AR-1 and BR-1, respectively, and in our opinion the form of said Bonds and their execution and authentication are regular and proper.

Very truly yours,



STEPTOE & JOHNSON

06/15/99
847280/98003

CH323923.2

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto the Bank of New York, New York, New York, the Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), of South Putnam Public Service District, in the principal amount of \$6,440,000, numbered AR-1, dated June 16, 1999, standing in the name of the West Virginia Water Development Authority on the books of said Issuer.

WITNESS my signature on this 16th day of June, 1999.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Barbara B Meadows
Authorized Representative

06/15/99
847280/98003

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTH PUTNAM PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 1999 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-1

\$5,425,000

KNOW ALL MEN BY THESE PRESENTS: That SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Putnam 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 FIVE MILLION FOUR HUNDRED TWENTY - FIVE THOUSAND DOLLARS (\$5,425,000), in installments on October 1 of each year, beginning October 1, 2000, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1999. 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"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreements between the Issuer and the Authority, dated June 16, 1999.

This Bond is issued (i) to pay the costs of refunding the Prior Bonds of the Issuer; (ii) to fund a reserve account for the Bonds; and (iii) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project constructed with the proceeds of the Series 1999 A Bonds (hereinafter defined) 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 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on June 15, 1999, and a Supplemental Resolution duly adopted by the Issuer on June 15, 1999 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED THE DATE HEREOF, ISSUED CONCURRENTLY HERewith IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$6,440,000 (THE "SERIES 1999 A BONDS"), AND SENIOR AND PRIOR TO THE ISSUER'S WATER SYSTEM NOTE, SERIES 1997, DATED OCTOBER 30, 1997, ISSUED IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$250,000 (THE "SERIES 1997 NOTE").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1999 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1999 B Bonds Reserve Account") and unexpended proceeds of the Bonds, and senior and prior to the lien on Surplus Revenues in favor of the holder of the Series 1997 Note. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1999 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior

to or on a parity with the Bonds, including the Series 1999 A Bonds; provided however, that so long as there exists in the Series 1999 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, including the Series 1999 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

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

All provisions of the 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, SOUTH PUTNAM 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 June 16, 1999.

[SEAL]


Chairman

ATTEST:


Secretary

SPECIMEN

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: June 16, 1999.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar


Authorized Officer

South Putnam Public Service District, WV
WDA Loan (Loan Program II, 1999 Series A) of \$5,425,000
 Series B

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/1999	-	-	102,129.86	102,129.86
4/01/2000	-	-	135,171.88	135,171.88
10/01/2000	80,000.00	3.400%	135,171.88	215,171.88
4/01/2001	-	-	133,811.88	133,811.88
10/01/2001	90,000.00	3.750%	133,811.88	223,811.88
4/01/2002	-	-	132,124.38	132,124.38
10/01/2002	90,000.00	3.900%	132,124.38	222,124.38
4/01/2003	-	-	130,369.38	130,369.38
10/01/2003	95,000.00	4.000%	130,369.38	225,369.38
4/01/2004	-	-	128,469.38	128,469.38
10/01/2004	100,000.00	4.100%	128,469.38	228,469.38
4/01/2005	-	-	126,419.38	126,419.38
10/01/2005	100,000.00	4.200%	126,419.38	226,419.38
4/01/2006	-	-	124,319.38	124,319.38
10/01/2006	105,000.00	4.300%	124,319.38	229,319.38
4/01/2007	-	-	122,061.88	122,061.88
10/01/2007	110,000.00	4.375%	122,061.88	232,061.88
4/01/2008	-	-	119,655.63	119,655.63
10/01/2008	115,000.00	4.500%	119,655.63	234,655.63
4/01/2009	-	-	117,068.13	117,068.13
10/01/2009	120,000.00	4.500%	117,068.13	237,068.13
4/01/2010	-	-	114,368.13	114,368.13
10/01/2010	125,000.00	4.700%	114,368.13	239,368.13
4/01/2011	-	-	111,430.63	111,430.63
10/01/2011	130,000.00	4.800%	111,430.63	241,430.63
4/01/2012	-	-	108,310.63	108,310.63
10/01/2012	140,000.00	5.000%	108,310.63	248,310.63
4/01/2013	-	-	104,810.63	104,810.63
10/01/2013	145,000.00	5.000%	104,810.63	249,810.63
4/01/2014	-	-	101,185.63	101,185.63
10/01/2014	155,000.00	5.000%	101,185.63	256,185.63
4/01/2015	-	-	97,310.63	97,310.63
10/01/2015	160,000.00	5.500%	97,310.63	257,310.63
4/01/2016	-	-	92,910.63	92,910.63
10/01/2016	170,000.00	5.500%	92,910.63	262,910.63
4/01/2017	-	-	88,235.63	88,235.63
10/01/2017	180,000.00	5.500%	88,235.63	268,235.63
4/01/2018	-	-	83,285.63	83,285.63
10/01/2018	160,000.00	5.400%	83,285.63	243,285.63
4/01/2019	-	-	78,965.63	78,965.63
10/01/2019	170,000.00	5.300%	78,965.63	248,965.63
4/01/2020	-	-	74,460.63	74,460.63
10/01/2020	180,000.00	5.300%	74,460.63	254,460.63
4/01/2021	-	-	69,690.63	69,690.63
10/01/2021	190,000.00	5.250%	69,690.63	259,690.63
4/01/2022	-	-	64,703.13	64,703.13

Series B: \$5,425,000

South Putnam Public Service District, WV
WDA Loan (Loan Program II, 1999 Series A) of \$5,425,000
 Series B

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
10/01/2022	200,000.00	5.250%	64,703.13	264,703.13
4/01/2023	-	-	59,453.13	59,453.13
10/01/2023	210,000.00	5.250%	59,453.13	269,453.13
4/01/2024	-	-	53,940.63	53,940.63
10/01/2024	220,000.00	5.125%	53,940.63	273,940.63
4/01/2025	-	-	48,303.13	48,303.13
10/01/2025	225,000.00	5.125%	48,303.13	273,303.13
4/01/2026	-	-	42,537.50	42,537.50
10/01/2026	240,000.00	5.125%	42,537.50	282,537.50
4/01/2027	-	-	36,387.50	36,387.50
10/01/2027	250,000.00	5.125%	36,387.50	286,387.50
4/01/2028	-	-	29,981.25	29,981.25
10/01/2028	200,000.00	5.125%	29,981.25	229,981.25
4/01/2029	-	-	24,856.25	24,856.25
10/01/2029	210,000.00	5.125%	24,856.25	234,856.25
4/01/2030	-	-	19,475.00	19,475.00
10/01/2030	110,000.00	5.125%	19,475.00	129,475.00
4/01/2031	-	-	16,656.25	16,656.25
10/01/2031	75,000.00	5.125%	16,656.25	91,656.25
4/01/2032	-	-	14,734.38	14,734.38
10/01/2032	80,000.00	5.125%	14,734.38	94,734.38
4/01/2033	-	-	12,684.38	12,684.38
10/01/2033	80,000.00	5.125%	12,684.38	92,684.38
4/01/2034	-	-	10,634.38	10,634.38
10/01/2034	85,000.00	5.125%	10,634.38	95,634.38
4/01/2035	-	-	8,456.25	8,456.25
10/01/2035	90,000.00	5.125%	8,456.25	98,456.25
4/01/2036	-	-	6,150.00	6,150.00
10/01/2036	95,000.00	5.125%	6,150.00	101,150.00
4/01/2037	-	-	3,715.63	3,715.63
10/01/2037	100,000.00	5.125%	3,715.63	103,715.63
4/01/2038	-	-	1,153.13	1,153.13
10/01/2038	45,000.00	5.125%	1,153.13	46,153.13
Total	5,425,000.00	-	5,798,646.42	11,223,646.42

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

File = wdains99.sf-Series B-\$5,425,000
 6/14/1999 4:29 PM

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:



06/15/99
847280/98003

STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER
SEVENTH FLOOR
P. O. BOX 1588

CHARLESTON, W. VA. 25326-1588

(304) 353-8000

FACSIMILE (304) 353-8180

RILEY BUILDING, FOURTH FLOOR
14TH AND CHAPLINE STREETS
P. O. BOX 150
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK
200 STAR AVENUE, SUITE 220
P. O. BOX 628

PARKERSBURG, W. VA. 26102-0628
(304) 422-6463
FACSIMILE (304) 422-6462

ALAN B. MOLLOHAN INNOVATION CENTER
1000 TECHNOLOGY DRIVE
P. O. BOX 2210
FAIRMONT, W. VA. 26554-8824
(304) 368-8000
FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

BANK ONE CENTER, SIXTH FLOOR
P. O. BOX 2190
CLARKSBURG, W. VA. 26002-2190
(304) 824-8000
FACSIMILE (304) 824-8183

1000 HAMPTON CENTER
P. O. BOX 1616
MORGANTOWN, W. VA. 26507-1616
(304) 598-8000
FACSIMILE (304) 598-8116

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 263-8991
FACSIMILE (304) 262-3541

June 16, 1999

South Putnam Public Service District
Water Revenue Bonds, Series 1999 A and Series 1999 B
(West Virginia Water Development Authority)

South Putnam Public Service District
Scott Depot, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by South Putnam Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$6,440,000 Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority) and its \$5,425,000 Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), all dated the date hereof (collectively, the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement for the Series 1999 A Bonds, dated June 16, 1999, including all schedules and exhibits attached thereto, and the authorization of a loan agreement for the Series 1999 B Bonds, dated June 16, 1999, including all schedules and exhibits attached thereto (collectively, the "Loan Agreements"), each between the Issuer and the West Virginia Water Development Authority (the "Authority"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreements. The Series 1999 A Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 1999, at the rate of 5.8% per annum, and with principal installments payable on October 1 of each year, commencing October 1, 2000, and ending October 1, 2038, all as set forth in "Schedule X," attached to the Loan Agreement for the Series 1999 A Bonds and incorporated in and made

CH323923.2

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a part of the Series 1999 A Bonds. The Series 1999 B Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 1999, at the rates per annum reflected on the Schedule A attached to the Bonds, and with principal installments payable on October 1 of each year, commencing October 1, 1999, and ending October 1, 2038, all as set forth in "Schedule X," attached to the Loan Agreement for the Series 1999 B Bonds and incorporated in and made a part of the Series 1999 B Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of paying, in conjunction with other available funds of the Issuer, (i) the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); (ii) currently refunding the Issuer's Prior Bonds; (iii) funding reserve accounts for the Bonds; (iv) capitalizing interest on the Series 1999 A Bonds; and (v) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on June 15, 1999, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 15, 1999 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreements have been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreements.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Bonds from gross income for federal income tax purposes, are and will continue to be met.

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, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to acquire and construct the Project, to refund the Issuer's Prior Bonds, to operate and maintain the System and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreements have been duly authorized by and executed on behalf of the Issuer, are valid and binding special obligations of the Issuer enforceable in accordance with the terms thereof, and inure to the benefit of the Authority and cannot be amended by the Issuer so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, senior and prior with respect to liens, pledge and source of and security for payment to the Issuer's Water System Note, Series 1997, dated October 30, 1997, all in accordance with the terms of the Bonds and the Bond Legislation.

5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

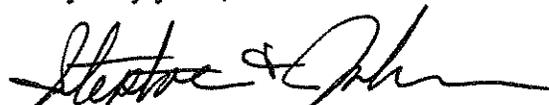
7. Contemporaneous with the issuance of the Series 1999 Bonds, the Issuer's Prior Bonds have been defeased and paid in full.

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

South Putnam Public Service District, et al.
Page 4

We have examined the executed and authenticated Bonds numbered AR-1 and BR-1, respectively, and in our opinion the form of said Bonds and their execution and authentication are regular and proper.

Very truly yours,



STEPTOE & JOHNSON

06/15/99
847280/98003

CH323923.2

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto the Bank of New York, New York, New York, the Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), of South Putnam Public Service District, in the principal amount of \$5,425,000, numbered BR-1, dated June 16, 1999, standing in the name of the West Virginia Water Development Authority on the books of said Issuer.

WITNESS my signature on this 16th day of June, 1999.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Barbara B Meadows
Authorized Representative

06/15/99
847280/98003



STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER, SIXTH FLOOR
P. O. BOX 2190
CLARKSBURG, W. VA. 26302-2190
(304) 624-8000
FACSIMILE (304) 624-8183

BANK ONE CENTER
SEVENTH FLOOR
P. O. BOX 1588

RILEY BUILDING, FOURTH FLOOR
14TH AND CHAPLINE STREETS
P. O. BOX 150
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

1000 HAMPTON CENTER
P. O. BOX 1616
MORGANTOWN, W. VA. 26507-1616
(304) 598-8000
FACSIMILE (304) 598-8116

CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

THE RIVERS OFFICE PARK
200 STAR AVENUE, SUITE 220
P. O. BOX 628
PARKERSBURG, W. VA. 26102-0628
(304) 422-6463
FACSIMILE (304) 422-6462

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 263-6991
FACSIMILE (304) 262-3541

ALAN B. MOLLOHAN INNOVATION CENTER
1000 TECHNOLOGY DRIVE
P. O. BOX 2210
FAIRMONT, W. VA. 26554-8824
(304) 368-8000
FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

June 16, 1999

South Putnam Public Service District
Water Revenue Bonds, Series 1999 A and Series 1999 B
(West Virginia Water Development Authority)

South Putnam Public Service District
Scott Depot, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by South Putnam Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its \$6,440,000 Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority) and its \$5,425,000 Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), all dated the date hereof (collectively, the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement for the Series 1999 A Bonds, dated June 16, 1999, including all schedules and exhibits attached thereto, and the authorization of a loan agreement for the Series 1999 B Bonds, dated June 16, 1999, including all schedules and exhibits attached thereto (collectively, the "Loan Agreements"), each between the Issuer and the West Virginia Water Development Authority (the "Authority"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreements. The Series 1999 A Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 1999, at the rate of 5.8% per annum, and with principal installments payable on October 1 of each year, commencing October 1, 2000, and ending October 1, 2038, all as set forth in "Schedule X," attached to the Loan Agreement for the Series 1999 A Bonds and incorporated in and made

CH323923.2

a part of the Series 1999 A Bonds. The Series 1999 B Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 1999, at the rates per annum reflected on the Schedule A attached to the Bonds, and with principal installments payable on October 1 of each year, commencing October 1, 1999, and ending October 1, 2038, all as set forth in "Schedule X," attached to the Loan Agreement for the Series 1999 B Bonds and incorporated in and made a part of the Series 1999 B Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), for the purposes of paying, in conjunction with other available funds of the Issuer, (i) the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); (ii) currently refunding the Issuer's Prior Bonds; (iii) funding reserve accounts for the Bonds; (iv) capitalizing interest on the Series 1999 A Bonds; and (v) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on June 15, 1999, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 15, 1999 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreements have been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreements.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Bonds from gross income for federal income tax purposes, are and will continue to be met.

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, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to acquire and construct the Project, to refund the Issuer's Prior Bonds, to operate and maintain the System and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreements have been duly authorized by and executed on behalf of the Issuer, are valid and binding special obligations of the Issuer enforceable in accordance with the terms thereof, and inure to the benefit of the Authority and cannot be amended by the Issuer so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, senior and prior with respect to liens, pledge and source of and security for payment to the Issuer's Water System Note, Series 1997, dated October 30, 1997, all in accordance with the terms of the Bonds and the Bond Legislation.

5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

7. Contemporaneous with the issuance of the Series 1999 Bonds, the Issuer's Prior Bonds have been defeased and paid in full.

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

South Putnam Public Service District, et al.
Page 4

We have examined the executed and authenticated Bonds numbered AR-1 and BR-1, respectively, and in our opinion the form of said Bonds and their execution and authentication are regular and proper.

Very truly yours,



STEPTOE & JOHNSON

06/15/99
847280/98003

CH323923.2

RALPH W. BASSETT, JR.

ATTORNEY AT LAW

1156 SOUTH MAIN STREET
MILTON, WV 25541
TELEPHONE (304) 743-5573
FAX (304) 743-1150

June 16, 1999

South Putnam Public Service District
Water Revenue Bonds, Series 1999 A and Series 1999 B
(West Virginia Water Development Authority)

South Putnam Public Service District
Scott Depot, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to South Putnam Public Service District, a public service district in Putnam County, West Virginia (the "Issuer"). As such Counsel, I have examined a copy of the approving opinion of Steptoe & Johnson, as bond counsel, two loan agreements, each dated June 16, 1999, including all schedules and exhibits attached thereto, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (the "Loan Agreements"), the Bond Resolution duly adopted by the Issuer on June 16, 1999, as supplemented by the Supplemental Resolution duly adopted by the Issuer on June 16, 1999 (collectively, the "Bond Legislation"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds") and orders of the County Commission of Putnam County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreements when used herein.

I am of the opinion that:

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

2. The Loan Agreements have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitute valid and binding agreements of the Issuer enforceable in accordance with their terms.

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

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

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

6. In reliance upon the certificate of Howard K. Bell Consulting Engineers, Inc., of even date herewith, the Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, certificates and approvals from The County Commission of Putnam County and the West Virginia Infrastructure and Jobs Development Council. I express no opinion as to any permits, licenses, approvals, consents, exemptions, orders, certificates, or authorizations which the Issuer is required to obtain from the West Virginia Public Service Commission.

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

8. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties;

South Putnam Public Service District, et al.
Page 3

(4) meet the requirements of the Act, Bond Legislation and the Loan Agreements; and
(5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provision thereof.

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

Sincerely yours,

A handwritten signature in cursive script that reads "Ralph W. Bassett, Jr." with a large, sweeping flourish at the end.

Ralph W. Bassett, Jr.

RWB:bkb

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LAW OFFICES

ROBERT R. RODECKER

1210 BANK ONE CENTER

P. O. BOX 3713

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June 16, 1999

South Putnam Public Service District
Scott Depot, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Step toe & Johnson
Charleston, West Virginia

South Putnam Public Service District
Water Revenue Bonds, Series 1999 A and Series 1999 B
(West Virginia Water Development Authority)

Ladies and Gentlemen:

I am special counsel to South Putnam Public Service District, a public service district in Putnam County, West Virginia (the "Issuer"). As such counsel, I have represented the Issuer in all matters related to the Public Service Commission of West Virginia for the issuance of the above-referenced bonds, the refunding of the Issuer's Prior Bonds and the acquisition and construction of the Project. I have also represented the Issuer with respect to the acquisition of the assets of Kanawha Orchard Public Service District. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreements when used herein.

I am of the opinion that:

1. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations from the Public Service Commission of West Virginia necessary for the issuance of the Bonds, the refunding of the Issuer's Prior Bonds, the acquisition and construction of the Project, including the assets of Kanawha Orchard Public Service District, the operation of the

System and the implementation of rates and charges, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Final Order of the Public Service Commission of West Virginia entered May 28, 1999, in Case No. 98-0819-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the refunding of the Prior Bonds and the Project. While the time to file an appeal of the decision has not expired, the only parties to the proceeding are the District and the Staff of the Commission. The District has informed me that it will not file an appeal and the Staff of the Commission lacks the authority to file such an appeal.

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

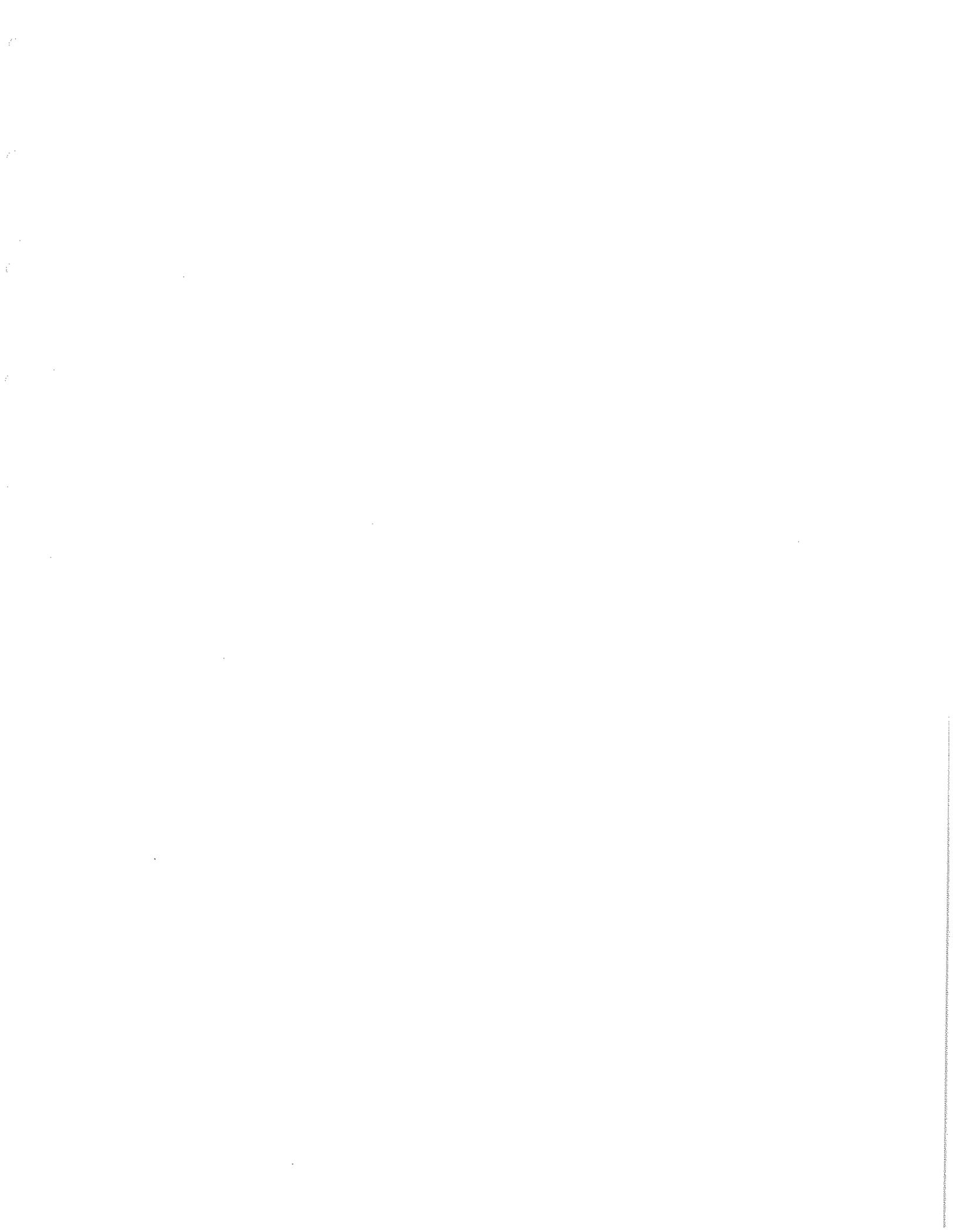
3. Contemporaneous with the issuance of the Bonds, the Issuer has acquired all assets, both real and personal, of Kanawha Orchard Public Service District, and all necessary deeds, bills of sale and assignments have been filed.

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

Very truly yours,



ROBERT R. RODECKER, ESQUIRE



RALPH W. BASSETT, JR.

ATTORNEY AT LAW

1156 SOUTH MAIN STREET
MILTON, WV 25541
TELEPHONE (304) 743-5573
FAX (304) 743-1150

June 15, 1999

WATER PROJECT
WATER DEVELOPMENT AUTHORITY FINANCING

Mr. Daniel B. Yonkosky, Director
Water Development Authority
180 Association Drive
Charleston, WV 25311-1571

Re: South Putnam Public Service District, 2000
Water System Upgrade Project

Dear Mr. Yonkosky:

This firm represents the South Putnam Public Service District with regard to a proposed project to construct the 2000 Water System Upgrade and its other related lines, facilities and equipment (the "Project"), and provides this final title opinion on behalf of the South Putnam Public Service District to satisfy the requirements of the Water Development Authority (the "Authority") with regard to the Authority's financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion the South Putnam Public Service District is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia and has the full power and authority to construct, operate and maintain the Project as approved by various State agencies.
2. That the South Putnam Public Service District has obtained approval for all necessary permits and approvals for the construction of the Project.
3. That I have investigated and ascertained the location of and am familiar with the legal description of the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by H. K. Bell Consulting Engineers, Inc., the consulting engineers for the Project.
4. That I have examined the records on file in the Office of the Clerk of the County Commission of Putnam County, West Virginia, the county in which the Project is located and, in my opinion, the South Putnam Public Service District has acquired or will acquire before construction commences, legal title or such other estate or interest

possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed, except and subject to the following:

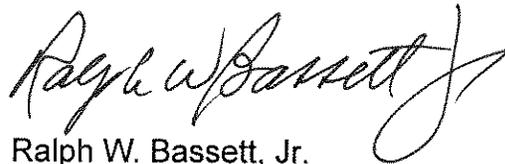
Crabtree, Bob	Map 193, Parcel 1
Stroud, Jack	Map 192, Parcel 1.6
Hindle, Steven	Map 192, Parcel 1.3

The following listed properties are being acquired by eminent domain and the necessary filings have been made (or will be made prior to closing) in the Office of the Clerk of the County Commission of Putnam County, West Virginia to permit the South Putnam Public Service District a right-of-entry for the purpose of construction, operation and maintenance of the subject facilities on the subject properties. The South Putnam Public Service District's title thereto is defeasible in the event the South Putnam Public Service District does not satisfy any resulting judgement and/or award in the proceeding for acquisition of said properties, and our certification is subject to the pending litigation:

A. Brenda and Elmer Humphreys, Tax Map and Parcel (192/13), CA 99-C-157.

5. That all deeds or other documents which have been acquired to date by the South Putnam Public Service District have been duly recorded in the aforesaid Clerk's Office in order to protect legal title to and interest of the South Putnam Public Service District.

Sincerely yours,

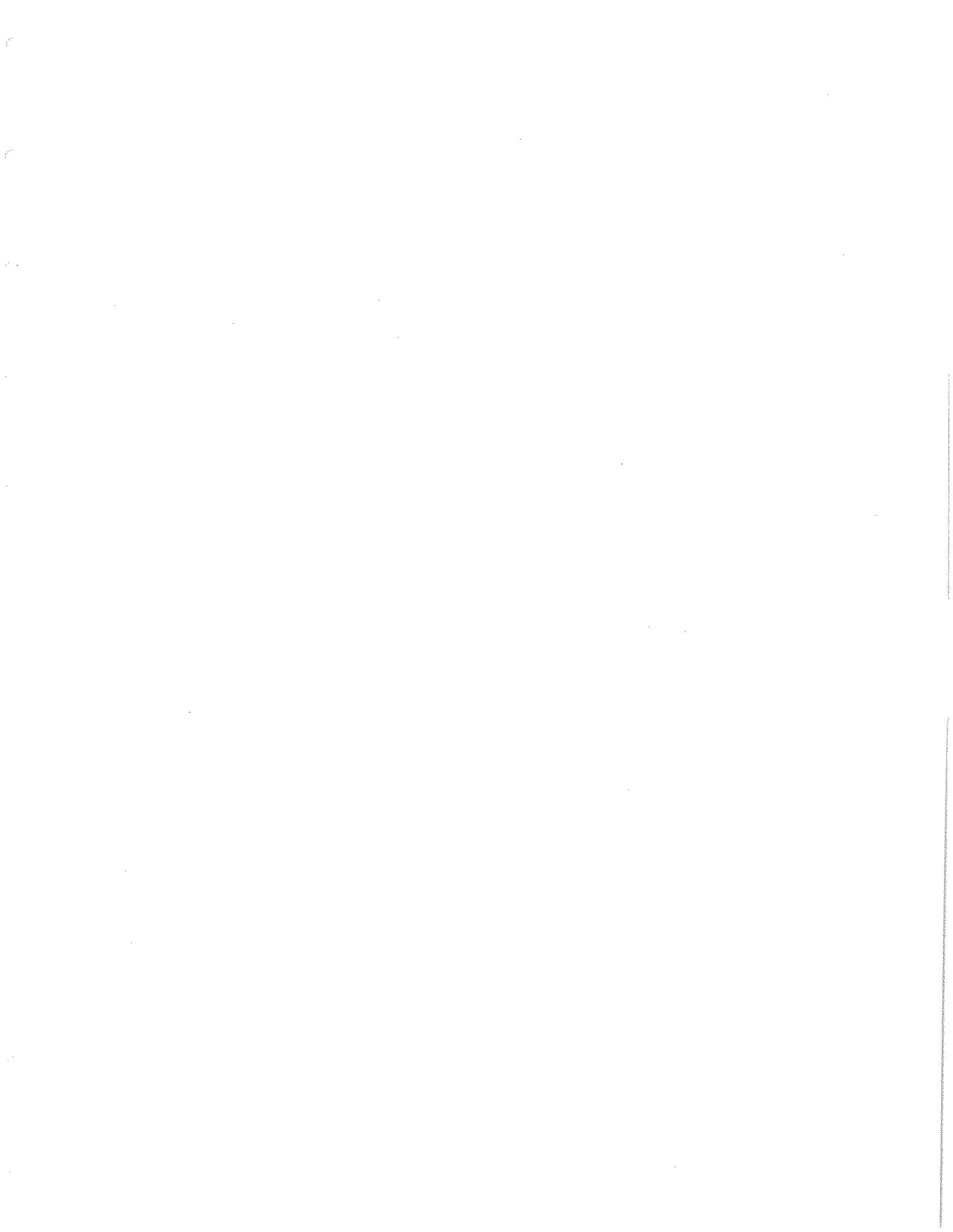


Ralph W. Bassett, Jr.

RWB:bkb

cc: Samme L. Gee, Esquire

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SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1999 A and Series 1999 B
(West Virginia Water Development Authority)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENTS
11. RATES
12. PUBLIC SERVICE COMMISSION ORDER
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING
16. PRIVATE USE OF FACILITIES
17. NO FEDERAL GUARANTY
18. IRS INFORMATION RETURN
19. SPECIMEN BONDS
20. CONFLICT OF INTEREST
21. GRANTS
22. YEAR 2000 COMPLIANCE

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of South Putnam Public Service District, in Putnam County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, hereby certify in connection with the \$6,440,000 South Putnam Public Service District Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority) and the \$5,425,000 South Putnam Public Service District Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority) (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning set forth in the Bond Resolution duly

adopted by the Issuer on June 15, 1999, and a Supplemental Resolution duly adopted by the Issuer on June 15, 1999 (collectively, the "Bond Legislation").

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the refunding of the Prior Bonds of the Issuer, the acquisition or construction of the Project, the operation of the System, the receipt of Grant proceeds, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds or the Grants, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the refunding of the Prior Bonds of the Issuer, the acquisition and construction of the Project, the operation of the System, the receipt of Grant proceeds, if any, or the pledge or application of moneys and security or the collection of the Net Revenues or pledge thereof.

3. **GOVERNMENTAL APPROVALS AND BIDDING:** All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the refunding of the Prior Bonds of the Issuer, the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds, have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Loan Agreements, and the Issuer has met all conditions prescribed in the Loan Agreements entered into between the Issuer and the Authority.

There is an outstanding obligation of the Issuer which will rank junior and subordinate to the Bonds as to liens, pledge and source of and security for payment, being the Issuer's Water System Note, Series 1997, issued on October 30, 1997, in the principal amount of not to exceed \$250,000 (the "Series 1997 Note"). The Bonds are senior and prior to the lien on Surplus Revenues in favor of the Holder of the Series 1997 Note. The Issuer has obtained the consent of the Holder of the Series 1997 Note to the issuance of the Bonds senior and prior to the Series 1997 Note. Following the refunding of the Prior Bonds, and other than the Series 1997 Note, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Series 1997 Note.

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

Bond Resolution

Supplemental Resolution

WDA Loan Agreements

Public Service Commission Order

Infrastructure and Jobs Development Council Approval

County Commission and Public Service Commission Orders regarding Creation and Expansion of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure of Public Service Board

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

Series 1997 Note Documents

Consent of Holder of Series 1997 Note

Asset Purchase Agreement with Kanawha Orchard Public Service District

Evidence of Grant from the State of West Virginia

Evidence of Grant from The County Commission of
Putnam County

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

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Carl Coffman, II	August 21, 1995	August 31, 2001
Calvin Hatfield	August 20, 1997	August 31, 2003
Glen Yeager	July 15, 1993	August 31, 1999

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 1999 are as follows:

Chairman	-	Carl Coffman, II
Secretary	-	Fred D. Stottlemyer
Treasurer	-	Calvin Hatfield

The duly appointed and acting counsel to the Issuer is Ralph W. Bassett, Milton, West Virginia. The duly appointed special counsel to the Issuer is Robert R. Rodecker, Charleston, West Virginia

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

8. **MEETINGS, ETC.:** All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the

issuance of the Bonds, the refunding of the Prior Bonds, the acquisition, construction and financing of the Project and the operation of the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, without limitation, Chapter 6, Article 9A, of the Official West Virginia Code of 1931, as amended, and a quorum of duly appointed or elected, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. **CONTRACTORS' INSURANCE, ETC.:** All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation and the Loan Agreements is in full force and effect.

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

11. **RATES:** The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on May 28, 1999, in Case No. 98-0819-PWD-CN, approving the rates and charges for the services of the System. Counsel to the Issuer expresses no opinion as to this paragraph 11.

12. **PUBLIC SERVICE COMMISSION ORDER:** The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on May 28, 1999, in Case No. 98-0819-PWD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the water rates for the System, the refunding of the Prior Bonds, and approving the financing for the Project. Counsel to the Issuer expresses no opinion as to this paragraph 12.

13. **SIGNATURES AND DELIVERY:** On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of two Bonds, numbered AR-1 and BR-1, respectively, dated the date hereof, by his manual signature, and the undersigned Secretary did officially cause the official seal of the

Issuer to be affixed upon said Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreements. Said official seal is also impressed above the signatures appearing on this certificate.

14. **BOND PROCEEDS:** On the date hereof, the Issuer received from the Authority the agreed purchase price of the Series 1999 A Bonds, being \$6,440,000, there being no interest accrued thereon. On the date hereof, the Issuer received from the Authority the agreed purchase price of the Series 1999 B Bonds, being \$5,259,581.38 (par value of \$5,425,000, less Authority's discount of \$165,418.62), there being no interest accrued thereon.

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

16. **PRIVATE USE OF FACILITIES:** The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal of, or interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate related business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit, other than use as a member of the general public. All of the foregoing

have been and are to be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended (including any amendments and successor provisions and the rules and regulations thereunder, the "Code").

17. **NO FEDERAL GUARANTY:** The Bonds are not and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

18. **IRS INFORMATION RETURN:** On the date hereof, the undersigned Chairman did officially execute a properly completed IRS Form 8038-G in connection with both the Series 1999 A and the Series 1999 B Bonds and will cause each such executed Form 8038-G to be filed in a timely manner pursuant to Section 149(e) of the Code with the Internal Revenue Service Center, Philadelphia, Pennsylvania. The information contained in each such executed Form 8038-G is true, correct and complete.

19. **SPECIMEN BOND:** Delivered concurrently herewith are true and accurate specimens of both the Series 1999 A and the Series 1999 B Bonds.

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

21. **GRANTS:** As of the date hereof, the grant in the amount of \$50,000 from the State of West Virginia and the grant in the amount of \$50,000 from The County Commission of Putnam County are committed for the Project and in full force and effect.

22. **YEAR 2000 COMPLIANCE:** The Issuer represents that it has undertaken or will undertake an investigation to determine whether the operations of the System, including but not limited to any billing, collection and inventory computer programs of the System and any electronic or mechanical components of the System are Year 2000 Compliant. The Issuer further represents that if it determines as a result of this investigation that any Mission-Critical Component of the System is not Year 2000 Compliant, the Issuer (i) will take timely and affirmative action to repair or replace any such component, and (ii) will perform adequate testing to ensure the sound operation and Year 2000 Compliant status of the repaired or replaced component. For purposes of this paragraph, "Year 2000 Compliant" means, with respect to the information technology the Issuer uses or will use in the operation of the System (including any date-sensitive microprocessors embedded in electronic or mechanical components of the System), the information technology is designed to be used prior to, during and after calendar Year 2000 A.D., and the information

technology used during each such time period will accurately receive, provide and process date-time data (including, but not limited to, calculating, comparing and sequencing) from, into and between the twentieth and twenty-first centuries, including the years 1999 and 2000, and leap-year calculations, and will not malfunction, cease to function, or provide invalid or incorrect results as a result of date-time data. For purposes of this paragraph, "Mission-Critical Component" means any component of the System that would be critical to (a) the System's continued operation after January 1, 2000; (b) the Issuer's ability to continue to bill its customers and collect amounts billed from those customers after January 1, 2000; or (c) the Issuer's ability to make all principal and interest payments for the Bonds as and when they become due.

WITNESS our signatures and the official seal of SOUTH PUTNAM PUBLIC SERVICE DISTRICT on this 16th day of June, 1999.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Carl S. Coffey, Jr.

Chairman

Paul D. Stucky

Secretary

Ralph W. Bassett, Jr.

Counsel to Issuer

06/15/99
847280/98003

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 1999 A and Series 1999 B
(West Virginia Water Development Authority)

CERTIFICATE AS TO ARBITRAGE

The undersigned Chairman of the Public Service Board of South Putnam Public Service District in Putnam County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$6,440,000 aggregate principal amount of Water Revenue Bonds, Series 1999 A, and \$5,425,000 aggregate principal amount of Water Revenue Bonds, Series 1999 B, of the Issuer, both dated June 16, 1999 (the "Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"). I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and 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 meaning as set forth in the Bond Resolution duly adopted by the Issuer on June 15, 1999, as supplemented (the "Bond Resolution"), authorizing the Bonds.
2. This certificate may be relied upon as the certificate of the Issuer.
3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.
4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on June 16, 1999, the date on which the Bonds are to be physically delivered in exchange for the issue price of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.
5. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Bonds to be

"arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code.

6. The Series 1999 A Bonds were sold on June 16, 1999, to the West Virginia Water Development Authority (the "Authority") pursuant to a loan agreement dated June 16, 1999, by and between the Issuer and the Authority, for an aggregate purchase price of \$6,440,000 (100% of par value), there being no accrued interest paid thereon.

7. The Series 1999 B Bonds were sold on June 16, 1999, to the West Virginia Water Development Authority (the "Authority") pursuant to a loan agreement dated June 16, 1999, by and between the Issuer and the Authority, for an aggregate purchase price of \$5,425,000 (100% of par value), there being no accrued interest paid thereon.

8. The Series 1999 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) funding a reserve account for the Series 1999 A Bonds; (iii) capitalizing interest on the Series 1999 A Bonds; and (iv) paying costs of issuance of the Bonds and related costs.

9. The Series 1999 B Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) currently refunding the District's Water Revenue Bonds, Series 1978, Water Revenue Bonds, Series 1989 A, Water Revenue Bonds, Series 1989 B, Water Revenue Bonds, Series 1990 A, Water Revenue Bonds, Series 1990 B and Water Revenue Bonds, Series 1998 A (collectively, the "Prior Bonds"); (ii) funding a reserve account for the Series 1999 B Bonds; and (iii) paying costs of issuance of the Bonds and related costs.

10. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend in excess of \$100,000 on the Project, constituting a substantial binding commitment, or has already done so. Acquisition, construction and equipping of the Project will commence immediately and will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the reserve account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the project on or before October 15, 2000, except as

otherwise required for rebate to the United States under Section 148(f) of the Code. Acquisition and construction of the Project is expected to be completed by July 1, 2000.

11. The total cost of the Project and refunding the Prior Bonds (including all costs of issuance of the Bonds) is estimated at \$11,865,000. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Series 1999 A Bonds	\$ 6,440,000.00
Gross Proceeds of the Series 1999 B Bonds	<u>5,425,000.00</u>
 Total Sources	 <u>\$11,865,000.00</u>

USES

Acquisition and Construction of Project	\$5,569,394.40
Cost of Refunding Prior Bonds	4,900,000.00
Capitalized Interest on the Series 1999 A Bonds	450,000.00
Funded Reserve Account for the Series 1999 A Bonds	390,605.60
Funded Reserve Account for the Series 1999 B Bonds	356,614.84
Costs of Issuance	<u>198,385.16</u>
 Total Uses	 <u>\$11,865,000.00</u>

Except for the proceeds of the Bonds, no other funds of the Issuer will be available to meet Costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

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

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;

- (3) Series 1999 A Bonds Construction Trust Fund;
- (4) Series 1999 B Bonds Construction Trust Fund;
- (5) Rebate Fund;
- (6) Series 1999 A Bonds Sinking Fund;
- (7) Within the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account;
- (8) Series 1999 B Bonds Sinking Fund; and
- (9) Within the Series 1999 B Bonds Sinking Fund, the Series 1999 B Bonds Reserve Account.

13. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited as follows:

(1) Series 1999 A Bonds proceeds in the amount of \$450,000 will be deposited in the Series 1999 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Bonds during construction of the Project and for a period not to exceed six months following completion thereof.

(2) Series 1999 A Bonds proceeds in the amount of \$390,605.60 will be deposited in the Series 1999 A Bonds Reserve Account.

(3) The balance of the proceeds of the Series 1999 A Bonds will be deposited in the Series 1999 A Bonds Construction Trust Fund and applied solely to payment of Costs of the Project, including costs of issuance of the Series 1999 B Bonds and related costs, and for no other purpose.

(4) Series 1999 B Bonds proceeds in the amount of \$4,900,000 will be used to refund the Prior Bonds.

(5) Series 1999 B Bonds proceeds in the amount of \$356,614.84 will be deposited in the Series 1999 B Bonds Reserve Account.

(6) The balance of the proceeds of the Series 1999 B Bonds will be deposited in the Series 1999 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project, including costs of issuance of the Series 1999 B Bonds and related costs, and for no other purpose.

Amounts in the Series 1999 A Bonds Construction Trust Fund and the Series 1999 B Bonds Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years. All of such moneys are necessary for such purpose.

None of the proceeds of the Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own funds.

14. Moneys held in the Series 1999 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 1999 A Bonds, and will not be available to meet costs of acquisition and construction of the Project. Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 1999 A Bonds Sinking Fund and the Series 1999 A Bonds Reserve Account will be withdrawn therefrom, not less than once each year, and, during construction of the Project, deposited into the Series 1999 A Bonds Construction Trust Fund, and following completion of construction of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

15. Moneys held in the Series 1999 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 1999 B Bonds, and will not be available to meet costs of acquisition and construction of the Project. Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 1999 B Bonds Sinking Fund and the Series 1999 B Bonds Reserve Account will be withdrawn therefrom, not less than once each year, and, during construction of the Project, deposited into the Series 1999 B Bonds Construction Trust Fund, and following completion of construction of the Project, will be deposited in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

16. Except for the Series 1999 A Bonds Sinking Fund and the Series 1999 A Bonds Reserve Account there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Series 1999 A Bonds, or which are pledged as collateral for the Series 1999 A Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Series 1999 A Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Rebate Fund or the Renewal and Replacement Fund will be used or needed for payments upon the Series 1999 A Bonds, and because such amounts may be expended for other purposes, there is no reasonable assurance that such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved desegregation plan or other investment property producing a yield in

excess of the yield on the Series 1999 A Bonds, have been or will be pledged to payment of the Series 1999 A Bonds. Less than 10% of the proceeds of the Series 1999 A Bonds, if any, will be deposited in the Series 1999 A Bonds Reserve Account and or any other reserve or replacement fund. The amounts deposited in the Series 1999 A Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Series 1999 A Bonds, and will not exceed 125% of average annual principal and interest on the Series 1999 A Bonds. Amounts in the Series 1999 A Bonds Reserve Account, not to exceed 10% of the proceeds of the Series 1999 A Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1999 A Bonds Reserve Account is required by the Authority, is vital to its purchase of the Series 1999 A Bonds, and is reasonably required to assure payments of debt service on the Series 1999 A Bonds.

17. Except for the Series 1999 B Bonds Sinking Fund and the Series 1999 B Bonds Reserve Account there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Series 1999 B Bonds, or which are pledged as collateral for the Series 1999 B Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Series 1999 B Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Rebate Fund or the Renewal and Replacement Fund will be used or needed for payments upon the Series 1999 B Bonds, and because such amounts may be expended for other purposes, there is no reasonable assurance that such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved desegregation plan or other investment property producing a yield in excess of the yield on the Series 1999 B Bonds, have been or will be pledged to payment of the Series 1999 B Bonds. Less than 10% of the proceeds of the Series 1999 B Bonds, if any, will be deposited in the Series 1999 B Bonds Reserve Account and or any other reserve or replacement fund. The amounts deposited in the Series-1999 B Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Series 1999 B Bonds, and will not exceed 125% of average annual principal and interest on the Series 1999 B Bonds. Amounts in the Series 1999 B Bonds Reserve Account, not to exceed 10% of the proceeds of the Series 1999 B Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1999 B Bonds Reserve Account is required by the Authority, is vital to its purchase of the Series 1999 B Bonds, and is reasonably required to assure payments of debt service on the Series 1999 B Bonds.

18. The Issuer shall, on the date hereof or immediately hereafter, enter into a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds or \$100,000.

19. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. Acquisition and construction of the Project is expected to be completed within 12 months.

20. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds to the Authority.

21. With the exception of the amount deposited in the Series 1999 A Bonds Sinking Fund for payment of interest on the Bonds, if any, and amounts deposited in the Series 1999 A Bonds Reserve Account and the Series 1999 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 15 months from the date of issuance thereof.

22. The Series 1999 A Bonds Sinking Fund (other than the Series 1999 A Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Series 1999 A Bonds each year. The Series 1999 A Bonds Sinking Fund (other than the Series 1999 A Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Series 1999 A Bonds, or 1 year's interest earnings on the Series 1999 A Bonds Sinking Fund (other than the Series 1999 A Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 1999 A Bonds Sinking Fund for payment of the principal of or interest on the Series 1999 A Bonds (other than the Series 1999 A Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any moneys received from the investment of amounts held in the Series 1999 A Bonds Sinking Fund (other than in the Series 1999 A Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

23. The Series 1999 B Bonds Sinking Fund (other than the Series 1999 B Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Series 1999 B Bonds each year. The Series 1999 B Bonds Sinking Fund (other than the Series 1999 B Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Series 1999 B Bonds, or 1 year's interest earnings on the Series 1999 B Bonds Sinking Fund (other than the Series 1999 B Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 1999 B Bonds Sinking Fund for payment of the principal of or interest on the Series 1999 B Bonds (other than the Series 1999 B Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any moneys received from the investment of amounts held in the Series 1999 B Bonds Sinking Fund (other than in the Series 1999 B Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

24. All proceeds of the Bonds which will be used for the payment of costs of the Project will be expended for such purposes within three years of June 15, 1999.

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

26. All property financed with the proceeds of the Bonds will be held for federal income tax purposes by (or on behalf of) a qualified governmental unit.

27. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255.

28. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of Bonds or \$5,000,000 have been or will be used to make or finance loans to, any person who is not a governmental unit.

29. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue, except to the extent any such proceeds are required for rebate to the United States.

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

31. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Treasury Regulations promulgated or to be promulgated thereunder in order to assure that the interest on the Bonds is excluded from gross income for federal income tax purposes.

32. The Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

33. The Issuer will rebate to the United States the amount, if any, required by the Code and take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

34. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Bonds from the gross income for federal income tax purposes of interest on the Bonds.

35. The Issuer shall comply with the yield restriction on Bond proceeds as set forth in the Code.

36. The Issuer has either (a) funded the Series 1999 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 1999 A Bonds in the then current or any succeeding year with the proceeds of the Series 1999 A Bonds, or (b) created the Series 1999 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 1999 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 1999 A Bonds in the then current or any succeeding year. Moneys in the Series 1999 A Bonds Reserve Account and the Series 1999 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 1999 A Bonds and will not be available to pay costs of the Project.

37. The Issuer has either (a) funded the Series 1999 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 1999 B Bonds in the then current or any succeeding year with the proceeds of the Series 1999 B Bonds, or (b) created the Series 1999 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 1999 B Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 1999 B Bonds in the then current or any succeeding year. Moneys in the Series 1999 B Bonds Reserve Account and the Series 1999 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 1999 B Bonds and will not be available to pay costs of the Project.

38. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation and a certificate with respect thereto or, if the Issuer qualifies for the small governmental issuer exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

39. The Issuer expects that no part of the Project financed by the Bonds will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

40. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code

necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest thereon. In addition, the Issuer has covenanted to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and has covenanted to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Resolutions authorizing issuance of the Bonds.

The Issuer has further covenanted to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. The Issuer has further covenanted to pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

41. The Bonds are each a fixed yield issue. No interest or other amount payable on the Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

42. None of the Bonds has a yield-to-maturity more than one-fourth of one percent higher than the yield on the Bond determined by assuming the Bond is retired on the date that when used in computing the yield on the Bond produces the lowest yield.

43. No portion of the proceeds of the Bonds will be used, directly or indirectly, to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

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

45. Except for a reasonable temporary period until such proceeds are needed for the purpose for which such issue was issued or as otherwise allowed, no portion of the proceeds of the Bonds will be used, directly or indirectly, to acquire higher yielding investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

46. The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

47. On the basis of the foregoing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

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

49. Steptoe & Johnson is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

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

WITNESS my signature on this 16th day of June, 1999.

SOUTH PUTNAM PUBLIC
SERVICE DISTRICT


Chairman

06/15/99
847280/98003

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1999 A and Series 1999 B
(West Virginia Water Development Authority)

ENGINEER'S CERTIFICATE

I, RONALD C. McMAINE, Registered Professional Engineer, West Virginia License No. 12321, of Howard K. Bell Consulting Engineers, Inc., Lexington, Kentucky, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain extensions and improvements to the existing waterworks system (herein called the "Project") of South Putnam Public Service District (the "Issuer") to be constructed primarily in Putnam County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. All capitalized words not defined herein shall have the meanings set forth in the Resolution adopted by the Issuer on June 15, 1999, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority") dated June 16, 1999.

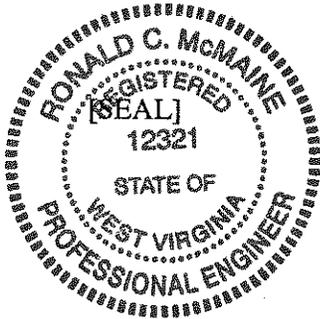
2. The Bonds are being issued for the purposes, in conjunction with other funds of the Issuer, of refunding certain outstanding debt of the Issuer, acquiring the assets of Kanawha Orchard Public Service District, funding reserve accounts for the Bonds, capitalizing interest on the Series 1999 A Bonds and construction of certain extensions and improvements to the existing waterworks system of the Issue.

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 Bureau of Public Health and the West Virginia Public Service Commission and any change orders approved by the Issuer, the Bureau of Public Health and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule A attached hereto as Exhibit A and, in reliance upon the opinion of Ralph W. Bassett, Esquire, all successful bidder(s) have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidder(s) received any and all addenda to the original bid

documents; (v) the bid documents relating to the Project reflect the Project as approved by the Bureau of Public Health and the bid form(s) provided to the bidders contain all critical operational components of the Project; (vi) the successful bid(s) include prices for every item on such bid form(s); (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) in reliance upon the certificate of Ralph W. Bassett, CPA, Esquire of even date herewith, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b) (ii) of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by Bureau of Public Health; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature and seal on this 16th day of June, 1999.

HOWARD K. BELL CONSULTING ENGINEERS, INC.



By: Ronald C. McMaine
Its Principal
Registered Professional Engineer,
West Virginia License No. 12321

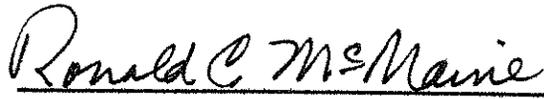
06/15/99
847280/98003

15.	Net Proceeds Required from Bond Issue (Line 9 less Line 14)		\$5,571,265.71
16.	Capitalized Interest (Construction period plus six months)	\$450,000.00	
17.	Funded Reserve Account ^③	\$390,605.60	
18.	Other Costs ^④ [Bond Counsel]	\$30,000.00	
19.	Total Cost of Financing (Lines 16 through 18)		\$870,605.60
	Refinancing		\$5,423,128.69
20.	Size of Bond Issue (Line 15 plus Line 19)		\$11,865,000.00

Additional or explanatory material may be provided on additional sheets attached to Schedule A. See South Putnam Refunding Sources and Uses, Exhibit 2.



SIGNATURE OF AUTHORIZED
OFFICER OF APPLICANT



SIGNATURE OF ENGINEER

① Attach support documentation not previously submitted. If not yet available, state such and expectations as to availability.

② For example, interest earnings during construction, if applicable. Include the proceeds of any parity or attach supporting documentation if available (if not yet available, state such and expectations as to availability).

③ Consult with bond counsel and the Authority before assuming a funded reserve.

④ For example, fees of bond counsel for the Government Agency.

RALPH W. BASSETT, JR.
CERTIFIED PUBLIC ACCOUNTANT

1156 SOUTH MAIN STREET
MILTON, WV 25541
TELEPHONE (304) 743-5573
FAX (304) 743-1150

June 16, 1999

South Putnam Public Service District
Water Revenue Bonds, Series 1999 A and Series 1999 B
(West Virginia Water Development Authority)

South Putnam Public Service District
Scott Depot, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Final Order of the Public Service Commission of West Virginia entered May 28, 1999, in Case No. 98-0819-PWD-CN, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by H.K. Bell Consulting Engineers, Inc., it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of South Putnam Public Service District (the "Issuer"), will pay all repair, operation and maintenance expense of the System and leave a balance each year equal to at least 110% of the maximum amount of the required in any year for debt service on the issuer's Water Revenue Bonds, Series 1999 A and Series 1999 B (West Virginia Water Development Authority) (collectively, "the Bonds"), and all other obligations secured by or payable from the revenues of the System on a parity with or junior to the bonds, including the Issuer's Water System Note, Series 1997, dated October 30, 1997.

Sincerely yours,



Ralph W. Bassett, Jr.

A resolution and order fixing a date of hearing on the creation of a proposed public service district within Putnam 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 Putnam County, West Virginia, a petition to this County Court, for the creation of a public service district within Putnam County, West Virginia; and

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

WHEREAS, Pursuant to the provisions of Article 13A of Chapter 16 of the West Virginia Code this County Court upon presentation of such petition is required to fix a date of hearing on the creation of the proposed public service district:

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

Section 1. That the County Court of Putnam 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 the County Court a petition for the creation of a public service district within Putnam County, West Virginia, which petition contains a description sufficient to identify the territory to be embraced within the proposed public service district and which petition has been signed by at least one hundred legal voters resident 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 "Teays Valley Public Service District".

(b). The territory to be embraced in said Public Service District shall be as follows:

Beginning at a point of intersection of the center line of West Virginia Secondary Route No. 44 and the northerly right-of-way line of the Chesapeake and Ohio Railway Company at a latitude of N. $33^{\circ} 26' 10''$ and longitude W. $81^{\circ} 51' 24''$, thence with the northerly right-of-way line of the Chesapeake and Ohio Railway Company in a westerly direction 6.90 miles, more or less, to a point having a latitude of N. $38^{\circ} 26' 23''$ and a longitude of W. $81^{\circ} 59' 03''$, thence North 0.83 miles to the southerly right-of-way line of Interstate Route No. 64, thence with the southerly right-of-way line of Interstate Route No. 64, in an easterly direction 7.35 miles, thence south $30^{\circ} 00' W.$ 0.85 miles to the place of beginning containing 5.14 square miles, more or less, being a portion of Scott Magisterial District and containing generally the area north of the northerly right-of-way line of the Chesapeake and Ohio Railway and the southerly right-of-way line of Interstate Route No. 64, all of which are in Putnam County, State of West Virginia, as shown upon map prepared by J. K. Milan, Inc. 1214 Myers Avenue, Dunbar, West Virginia, dated June 30, 1959.

(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/or sewage 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 on September 1, 1959, at the hour of 10:00 o'clock A.M., this County Court shall meet in the County Court House at Winfield, 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 4. 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 Aug. 7 and 14th, 1959, in the Hurricane Breeze and Putnam Democrat, a newspaper of general circulation published in Putnam County.

NOTICE OF PUBLIC HEARING
ON CREATION OF TEAYS VALLEY
PUBLIC SERVICE DISTRICT

Notice is hereby given that a legally sufficient petition has been filed with the Clerk of the County Court of Putnam County, West Virginia, and has been presented to the County Court of Putnam for the creation of a public service district within Putnam 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/or sewerage services within said district and also outside said district to the extent permitted by law; to be named "Teays Valley Public-Service District", and having the following described boundaries:

Beginning at a point of intersection of the center line of West Virginia Secondary Route No. 44 and the northerly right-of-way line of the Chesapeake and Ohio Railway Company at a latitude of N. $38^{\circ} 26' 10''$ and longitude W. $81^{\circ} 51' 24''$, thence with the northerly right-of-way line of the Chesapeake and Ohio Railway Company in a westerly direction 6.90 miles, more or less, to a point having a latitude of N. $38^{\circ} 26' 23''$ and a longitude of W. $81^{\circ} 59' 08''$, thence North 0.83 miles to the southerly right-of-way line of Interstate Route No. 64, thence with the southerly right-of-way line of Interstate Route No. 64, in an easterly direction 7.35 miles, thence south $30^{\circ} 00' N.$ 0.85 miles to the place of beginning containing 5.14 square miles, more or less, being a portion of Scott Magisterial District and containing generally the area north of the northerly right-of-way line of the Chesapeake and Ohio Railway and the southerly right-of-way line of Interstate Route No. 64, all of which are in Putnam County, State of

West Virginia, as shown upon map prepared by J. H. Milam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated June 30, 1959.

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 Putnam County will conduct a public hearing on September 1, 1959, at 10:00 o'clock A.M., in the County Court House at Winfield, 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 4th day of August, 1959.

A.M. Brown
County Court Clerk

Adopted by the County Court August 4, 1959.

C.B. Miller
President

Attest:

A.M. Brown
Clerk

STATE OF WEST VIRGINIA)
) SS
COUNTY OF PUTNAM)

I, A. M. Brown, hereby certify that I am the duly qualified and acting Clerk of the County Court of Putnam County, West Virginia, and that the foregoing constitutes a true, correct and

**NOTICE OF PUBLIC HEARING ON
CREATION OF TRAYS VALLEY
PUBLIC SERVICE DISTRICT**

Notice is hereby given that a legally sufficient petition has been filed with the Clerk of the County Court of Putnam County, West Virginia, and has been presented to the County Court of Putnam for the creation of a public service district within Putnam 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/or sewerage services within said district and also outside said district to the extent permitted by law; to be named "Trays Valley Public Service District", and having the following described boundaries:

Beginning at a point of intersection of the center line of West Virginia Secondary Route No. 41 and the northerly right-of-way line of the Chesapeake and Ohio Railway Company at a latitude of N. 26° 26' 18" and longitude W. 81° 31' 24", thence with the northerly right-of-way line of the Chesapeake and Ohio Railway Company in a westerly direction 0.90 miles, more or less, to a point having a latitude of N. 28° 24' 23" and a longitude of W. 81° 29' 04", thence North 8.23 miles to the southerly right-of-way line of Interstate Route No. 64, thence with the southerly right-of-way line of Interstate Route No. 64, in an easterly direction 7.38 miles, thence south 10° 00' W. 6.88 miles to the place of beginning containing 3.14 square miles, more or less, being a portion of Keokuk Magisterial District and containing generally the area north of the northerly right-of-way line of the Chesapeake and Ohio Railway and the southerly right-of-way line of Interstate Route No. 64, all of which are in Putnam County, State of West Virginia, as shown upon map prepared by J. H. Millam, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated June 20, 1947.

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 Putnam County will conduct a public hearing on September 1, 1948, at 10:00 o'clock A. M., in the County Court House at Wheeling, 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 24th day of August, 1948.

A. M. BROWN
County Court Clerk

Attested by the County Court August 4, 1948.

C. B. MILLER
President

A. M. BROWN
Clerk

A RESOLUTION AND ORDER creating
Teays Valley Public Service District
in Putnam County, West Virginia

WHEREAS, the County Court of Putnam County, West Virginia, did heretofore by a resolution and order adopted September 1, 1959, fix a date for a public hearing on the creation of the proposed Teays Valley 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 13-A of Chapter 16 of the West Virginia Code, 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 Putnam County, West Virginia as follows:

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

Beginning at a point of intersection of the center line of West Virginia Secondary Route No. 44 and the northerly right-of-way line of the Chesapeake and Ohio Railway Company at a latitude of N. $38^{\circ} 26'$ and longitude W. $81^{\circ} 51' 24''$, thence with the northerly right-of-way line of the Chesapeake and Ohio Railway Company in a westerly direct 6.90 miles, more or less, to a point having a latitude of N. $38^{\circ} 26' 23''$ and a longitude of W. $81^{\circ} 59' 08''$, thence North 0.83 miles to the southerly right-of-way line of Interstate Route No. 64, thence with the southerly right-of-way line of Interstate Route No. 64, in an easterly direction 7.35 miles, thence south $30^{\circ} 00' W.$ 0.85 miles to the place of beginning containing 5.14 square miles, more or less, being a portion of Scott Magisterial District and containing generally the area north of the northerly right-of-way line of the Chesapeake and Ohio Railway and the southerly right-of-way line of Interstate Route No. 64, all of which are in Putnam County, State of West Virginia, as shown upon map prepared by J. H. Milan, Inc., 1214 Myers Avenue, Dunbar, West Virginia, dated June 30, 1959.

Section 2. That said Public service district so created shall have the name and corporate title of "Teays Valley 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.

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

ADOPTED BY THE COUNTY COURT September 1, 1959.

C. A. Miller
President

Attest;

A. M. Brown
Clerk

STATE OF WEST VIRGINIA

COUNTY OF PUTNAM, SS:

I, J. M. LAKE, Clerk of the County Commission of Putnam County, West Virginia, hereby certify that the foregoing is a full, true, correct and complete copy of the instrument as same appears of record in my office in

Court Order Book Number 19 Page 63

Given under my hand and seal of said Commission this the

22nd day of May, 1978



J. M. Lake Clerk
Putnam County Commission
Winfield, West Virginia

Kay Hart
BY DEPUTY CLERK

Winfield, West Virginia
August 4, 1959

The County Court of Putnam County, West Virginia, met in regular session pursuant to law and to the rules of said court at the County Court House, Winfield, West Virginia, at 10:00 o'clock A.M. The meeting was called to order and the roll being called there were present Carl B. Miller, President, presiding, and the following named commissioners.

Absent: None

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Teays Valley Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on August 4, 1959, the president announced that all persons residing in or owning or having any interest in property in such 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 Homer West introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER creating Teays Valley Public Service District, Putnam 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. Harold D. Brown seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted:

Aye: All three

Nay:

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

Homer West introduced and caused to be read a proposed resolution and order, entitled:

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

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted, A. C. Neal & H.D. Brown seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted.

Aye: all three

Nay:

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

On motion and vote the meeting adjourned.

C. B. Miller

resident

Attest:

A. M. Leonard

Clerk

A RESOLUTION AND ORDER EXPANDING THE BOUNDARIES OF THE TEAYS VALLEY PUBLIC SERVICE DISTRICT HERINAFTER TO BE KNOWN AS THE SOUTH PUTNAM PUBLIC SERVICE DISTRICT WITHIN PUTNAM COUNTY, WEST VIRGINIA.

WHEREAS, the County Commission of Putnam County, West Virginia, did heretofore by a resolution and order adopted on the 27th of January, 1981, fixed a date for a public hearing on the expansion of the Teays Valley Public Service District, hereafter to be known as the South Putnam 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 Commission at this meeting, and have an opportunity to be heard for and against the creation of the said public service district; and,

WHEREAS, notice of this hearing was duly given in a manner provided and required by the said resolution and order and by Article 13A, Chapter 16, of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of the said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within the proposed expanded public service district area or the existing boundaries of the Teays Valley Public Service District, and said County Commission has given due consideration to all matters for which such hearing was offered; and,

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order expanding and establishing the said district;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED AND ORDERED by the County Commission of Putnam County, West Virginia as follows:

Section 1: That the physical, geographical, territorial limits of the Teays Valley Public Service District, a public corporation, are hereby enlarged, expanded, and extended to include all of the properties described hereinafter as follows:

AN AREA comprising the magisterial districts of Teays Valley, Scott, Curry, and that portion of Buffalo, south of the Kanawha River, including the area currently known as the Teays Valley Public Service District, but excluding the areas currently known as the Water and/or Sewer Utilities of Record.

Those areas to be excepted from the territorial jurisdiction of the South Putnam Public District are described hereinafter as follows:

(1) Lake Washington Public Service District, for water service only, more particularly defined as follows:

Beginning at a point in which the easterly line of Block C intersects the northerly right-of-way of U.S. Route 60, thence, N. 32° 13' W. 305.0 feet, thence, N. 00° 50' W. 176.07 feet, thence, N. 4° 22' W. 315.1 feet, thence, N. 27° 40' W. 1,728.7 feet, thence, S. 44° 18' W. 585.0 feet, thence, S. 43° 56' W. 1,693 feet, thence, S. 5° 20' E. 255.9 feet, thence, S. 40° 41' E. 70.0 feet, thence, S. 74° 07' E. 1,162.68 feet, thence, crossing U.S. Route 60, S. 15° 36' W. 270.7 feet, thence, S. 39° 18' W. 469.0 feet, thence, N. 85° 17' W. 198.0 feet, thence, S. 71° 38' W. 549.2 feet, thence, S. 70° 35' W. 705.22 feet, thence, S. 58° 06' W. 478.3 feet, thence, S. 58° 42' W. 437.75 feet, thence, S. 68° 34' W. 108.0 feet, thence, with West Virginia Route 34, S. 55° 45' E. 763.0 feet, thence, S. 83° 09' E. 609.3 feet, thence, S. 87° 44' E. 1,309.8 feet, thence, S. 24° 57' E. 546.9 feet, thence, S. 53° 14' E. 947.88 feet, thence, N. 71° 57' E. 880.48 feet, thence, N. 40° 07' E. 880.48 feet, thence, S. 60° 03' E. 1,461.4 feet, thence, N. 6° 15' E. 848.7 feet, thence, N. 16° 17' W. 99.0 feet, thence, S. 87° 25' E. 113.5 feet, thence, S. 67° 45' E. 138.4 feet, thence, S. 58° 40' E. 105.4 feet, thence, S. 45° 25' E. 171.3 feet, thence, S. 42° 05' E. 123.0 feet, thence, S. 33° 40' E. 279.9 feet, thence, S. 46° 25' E. 263 feet, thence, S. 30° 45' E. 125.0 feet, thence, S. 21° 45' E. 340.5 feet, thence, S. 60° 25' E. 223.0 feet, thence, N. 35° 40' E. 119.5 feet, thence, N. 20° 01' W. 798.0 feet, thence, N. 56° 00' E. 77.03 feet, thence, N. 50° 05' E. 794.47 feet, thence, N. 66° 00' E. 433.95 feet, thence, N. 78° 00' E. 423.7 feet, thence, N. 64° 44' W. 312.42 feet, thence, N. 58° 11' W. 577.0 feet, thence, N. 38° 17' W. 739.68 feet, thence, crossing U.S. Route 60, N. 13° 16' E. 990.0 feet, thence, along Route 60, S. 70° 05' W. 400.0 feet, thence, S. 88° 55' W. 400.0 feet, thence, S. 72° 00' W. 350.0 feet, to place of beginning, containing an area of 0.67 square miles.

(2) Kanawha Orchard Public Service District, more particularly defined as follows:

Beginning at a point in the northerly right-of-way of Interstate Route 64 and 0.15 miles west of the center of McCloud Road, thence, N. 26° 40' E. 1.18 miles, thence, N. 63° 40' E. 1.34 miles, thence, N. 20° 35' W. 2.03 miles, thence, N. 69° 25' 0.81 miles to center of Kanawha River, thence, up Kanawha River S. 20° 25' E. 0.32 miles, thence, S. 69° 25' W. 0.29 miles to the center of West Virginia Route 17, thence, with Route 17 S. 20° 35' E. 0.25 miles, thence, S. 4° 45' E. 0.19 miles to a point in said State Route 17 having a latitude of N. 38° 30' and longitude W. 81° 50' 30", thence, leaving West Virginia Route 17 N. 69° 25' E. 0.30 miles to center of Kanawha River, thence, with center of the River and up stream 1.68 miles, thence, leaving the River S. 39° 40' 0.65 miles to a point having a latitude of N. 38° 28' 29" and longitude of W. 81° 50' thence, S. 63° 40' W. 1.55 miles, thence, to the northerly right-of-way of Interstate Route 64 S. 6° 15' E. 0.75

miles, or less, with northerly right-of-way line of Interstate 64 1.10 miles more or less to place of beginning containing 3.70 square miles.

(3) Pucnam Utilities Corporation, more particularly defined as follows:

TRACT A: Beginning at a stone on a ridge in a line of the Cargill land, the said stone being a common corner to the land owned by A. C. Radford and Hazel B. Radford, his wife; thence, with the said line of the Cargill land, S. 85° 30' W. 181.5 feet, to a white oak stump in a low gap, thence, N. 87° 30' W. 940.5 feet to a stake, thence, S. 63° 30' W. 495 feet to a stone by some hickories, thence, N. 87° 30' W. 792 feet, to a stone, corner to a tract of land owned by Charles C. Payne, thence, with the northeasterly line of the said Payne land, N. 47° 45' W. 1,812.5 feet, to an iron pipe, thence, N. 41° 7' E. 696 feet to an iron pipe in the southwesterly line of the said Radford land, thence, with the line of the Radford land, S. 64° 30' E. 3,586.5 feet to the place of beginning, containing 62.44 acres, more or less.

TRACT B: Beginning at an iron pipe in the southerly right-of-way of U.S. Route 35, the said iron pipe being a common corner to a tract of land owned by A. C. Radford and Hazel B. Radford, his wife, thence, with the southwestarly line of the said Radford land, S. 36° 00' E. 1,800 feet to an iron pipe, thence, S. 64° 30' E. 453 feet to an iron pipe, thence, leaving the Radford land, S. 41° 7' W. 696 feet to an iron pipe in the northeasterly line of a tract of land owned by Charles C. Payne, thence with the said line of the Payne land, N. 47° 45' W. 530 feet to an iron pipe, thence, N. 36° 00' W. 1,482 feet to an iron pipe in the southerly line of Rockystap Branch Road, thence, with the right-of-way line of the said road, N. 51° 43' E. 29.5 feet to an iron pipe, thence, N. 35° 40' W. 336.6 feet to an iron pipe at the intersection of the easterly right-of-way line of Rockystap Branch Road and the southerly right-of-way line of U.S. Route 35, thence, running with U.S. Route 35, N. 55° 32' E. 542.4 feet to the place of beginning, containing 30.9 acres, more or less.

TRACT C: Beginning at an iron pipe in the common division line between the land owned by Charles C. Payne and the property herein conveyed, said iron pipe being located N. 36° 00' W. 444.4 feet from a stake in the northerly right-of-way line of U.S. Route 35, thence, with the common division line between the property herein conveyed and the Payne property, N. 36° 00' W. 201 feet to a stake at the edge of Kanawha River, thence, running up the river and binding thereon, N. 49° 37' E. 209.1 feet, to an iron pipe, thence, running S. 36° 00' E. 217 feet, thence, running S. 54° 00' W. 208.5 feet to the place of beginning, containing 1 acre.

(4) Riverdale Utility Company, more particularly defined as follows:

TRACT 2: Beginning at an iron pipe in the northerly right-of-way line of State Route 17, at the point where the division line between the lands of Walter M. Raynes and F. F. Morris intersect said northerly right-of-way line, thence, leaving the said right-of-way

line and running with the division line between Morris and Raynes & Morris and Rose, N. 3° 00' 1,724 feet to an iron pipe where originally stood a stake 9 feet above a marked beech, thence, leaving Rose and running up the Kanawha River with pool stage, S. 81° 00' E. 543 feet to an iron pipe at the corner of Parcel 1 and 2, thence, leaving the river and running across the bottom with the division line between Parcels Nos. 1 and 2, S. 2° 00' E. 1,555 feet to an iron pipe in the northerly right-of-way of State Highway No. 17, thence, running in a westerly direction with the said northerly right-of-way line, a distance of 305 feet to the point of beginning, containing 19.6 acres, more or less.

(5) Sunnybrook Public Service District, more particularly defined as follows:

Beginning at a point in the Teays Valley Public Service District line 200 feet south of the center line of West Virginia Primary Route 34, having latitude N. 38° 25' 30" and longitude W. 81° 59' 04", thence, S. 58° 15' W. for 0.30 miles parallel with West Virginia Route 34, to a point having latitude N. 38° 26' 24" and longitude W. 81° 59' 23", thence, N. 37° 09' W. for 0.15 miles, crossing West Virginia Route 34 at about 200 feet to a point having latitude N. 38° 26' 31" and longitude W. 81° 59' 29", thence, N. 45° 39' W. for 0.14 miles to a point on the south right-of-way of Old County Route 34/22 having latitude N. 38° 26' 34" and longitude W. 81° 59' 34", thence, with the road right-of-way S. 37° 00' W. for 0.08 miles to a point on the right-of-way having latitude N. 38° 26' 32" and longitude W. 81° 59' 36", thence, N. 14° 00' W. with a fence line for 0.625 miles to a point on the Interstate Route 64 right-of-way having latitude N. 38° 27' 05" and longitude W. 81° 59' 51", thence, N. 68° 00' E. with the Interstate right-of-way line for 0.46 miles to a point on the right-of-way line having latitude N. 38° 27' 11" and longitude W. 81° 59' 22", thence, in a southerly direction for 0.32 miles with the Sunnybrook Estates-Springdale Estates Subdivision boundary line to a point having latitude N. 38° 26' 54" and longitude W. 81° 59' 15", thence, N. 32° 45' E. for 0.19 miles to a point on the Teays Valley Public Service District boundary line, having latitude N. 38° 26' 55" and longitude W. 81° 59' 04", thence, S. for 0.48 miles with the Teays Valley Public Service District boundary line to the point of beginning, and containing an area of 0.402 square miles in Teays Valley Magisterial District of Putnam County, West Virginia.

(6) Culloden Sanitary Sewer and Water Service are to be excluded from the Teays Valley Public Service District proposed expansion area, more particularly defined as follows: Culloden Area No. 1

Beginning at a point reference to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates N518475, E1698600 and being approximately situated on the Cabell-Putnam County Line, thence, with the following

bearings and distances, based on the before named Plane Coordinate System, $1^{\circ} 05' 28''$ W, 2,625.48 feet, thence, $N 63^{\circ} 52' 08''$ E, 1,475.85 feet, thence, $S 33^{\circ} 23' 19''$ E, 1,317.43 feet, thence, $S 42^{\circ} 35' 59''$ W, 2,954.76 feet, to the true point of beginning.

Cullogen Area No. 2

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates N516900, E1698725 and being approximately situated on the Cabell-Putnam County Line, thence, with the southerly right-of-way line of the Service Wholesale Access Road, 1,250 feet, more or less, to the westerly right-of-way line of Putnam County Route 60/1 (Thompson Road); thence, with the said westerly right-of-way line 2,200 feet, more or less, to a point; thence, leaving said westerly right-of-way line with the following bearings and distances based on the before named Plane Coordinate System; $S 53^{\circ} 07' 48''$ W, 125.00 feet, thence, $S 38^{\circ} 39' 35''$ E, 1,120.55 feet, thence, $N 66^{\circ} 48' 05''$ E, 761.58 feet, thence, $S 70^{\circ} 33' 36''$ E, 1,640.00 feet, thence, $S 61^{\circ} 54' 24''$ W, 1,707.71 feet, thence, $S 78^{\circ} 38' 01''$ E, 3,503.00 feet, thence, $N 03^{\circ} 55' 33''$ W, 4,100 feet, to the true point of beginning.

(7) City of Hurricane Water Service Area, more particularly defined as follows:

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustments, and having the coordinates N521750, E1700000, thence, with the following bearings and distances based on the before named Plane Coordinate System: $N 63^{\circ} 47' 00''$ E, 7,356.80 feet, thence, $N 47^{\circ} 01' 17''$ W, 1,503.54 feet, thence, $N 31^{\circ} 05' 50''$ E, 1,839.33 feet, thence, $S 70^{\circ} 01' 01''$ E, 1,463.09 feet, thence, $S 07^{\circ} 18' 21''$ E, 982.98 feet, thence, $S 25^{\circ} 38' 28''$ E, 693.27 feet, thence, $N 53^{\circ} 44' 46''$ E, 1,860.11 feet; thence, $N 58^{\circ} 32' 09''$ E, 3,927.47 feet, thence, $S 29^{\circ} 41' 27''$ E, 3,280.72 feet, thence, $N 54^{\circ} 46' 57''$ E, 1,560.65 feet, thence, $S 16^{\circ} 41' 57''$ E, 1,044.03 feet, thence, $S 70^{\circ} 07' 59''$ W, 6,326.53 feet, thence, $S 04^{\circ} 23' 55''$ W, 1,303.84 feet, thence, $S 58^{\circ} 23' 33''$ W, 3,052.87 feet, thence, $S 07^{\circ} 41' 46''$ E, 1,866.82 feet, thence, $S 33^{\circ} 06' 41''$ W, 1,372.95 feet, thence, $N 52^{\circ} 18' 21''$ W, 1,390.14 feet, thence, $S 86^{\circ} 11' 09''$ W, 2,254.99 feet, thence, $S 09^{\circ} 03' 28''$ E, 3,493.57 feet, thence, $S 46^{\circ} 32' 53''$ W, 654.31 feet, thence, $N 75^{\circ} 22' 45''$ W, 1,782.73 feet, thence, $S 73^{\circ} 18' 03''$ W, 522.02 feet, thence, $N 50^{\circ} 54' 22''$ W, 1,030.78 feet, thence, $N 45^{\circ} 00' 00''$ E, 353.55 feet, thence, $N 17^{\circ} 31' 32''$ W, 498.12 feet, thence, $N 40^{\circ} 56' 26''$ W, 2,746.93 feet, thence, $N 02^{\circ} 20' 14''$ E, 1,226.02 feet, thence, $N 42^{\circ} 22' 25''$ E, 1,928.89 feet, thence, $N 29^{\circ} 03' 17''$ W, 1,029.56 feet to the true point of beginning.

(8) City of Hurricane Sanitary Sewer Service Area, more particularly defined as follows:

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates N522825, E1701990, and being approximately situated on the southerly right-of-way line of Interstate Route 64; thence, with the following bearings and distances based on the before named Plane Coordinate System; $N 63^{\circ} 56' 44''$ E, 5,521.07 feet, thence, $N 74^{\circ} 55' 53''$ E,

1,346.29 feet, thence, S 29° 44' 42" E, 67 feet, thence, N 70° 42' 36" E, 529.74 feet, thence, S 33° 41' 24" E, 180.28 feet, thence, N 64° 29' 10" E, 2,437.72 feet, thence, S 28° 18' 03" E, 369.12 feet, thence, S 65° 11' 09" W, 2,561.49 feet, thence, S 24° 56' 39" E, 2,371.18 feet, more or less, to a point in the center of Hurricane Creek, thence, with the center of Hurricane Creek in a southwesterly, upstream, direction 3,800 feet, more or less, to the center of the West Virginia Route 34 Hurricane Creek Bridge, thence, leaving the center line of Hurricane Creek with the following bearings and distances based on the before named Plane Coordinate System: S 61° 36' 08" W, 2,796.52 feet, thence, N 55° 03' 16" W, 2,025.14 feet, thence, S 33° 09' 48" W, 603.26 feet, thence, N 55° 00' 29" W, 305.16 feet, thence, N 26° 33' 54" E, 279.51 feet, thence, N 56° 18' 36" W, 901.39 feet, thence, S 33° 41' 24" W, 721.11 feet, thence, N 55° 00' 29" W, 305.16 feet, thence, S 30° 20' 36" W, 1,187.70 feet, thence, S 53° 07' 48" E, 625.00 feet, thence, S 35° 32' 16" W, 430.12 feet, thence, N 54° 41' 20" W, 735.27 feet, thence, N 32° 39' 39" E, 1,158.12 feet, thence, N 51° 20' 25" W, 160.08 feet, thence, N 29° 25' 39" E, 1,119.43 feet, thence, N 31° 56' 41" E, 2,003.40 feet, to the true point of beginning.

(9) Ventroux Water Association, for water service only, more particularly defined as follows:

Beginning at a point which is the intersection of the western right-of-way line of U.S. Route 35 and the southern edge of Scary Creek: thence, 700 feet in a southerly direction with the Route 35 line to a point, thence, N 84° 15' W, 2,360 feet, leaving the Route 35 line to a point, thence, S 03° 24' W, 1,850 feet to a point, thence, N 87° 18' W, 500 feet to a point, thence, N 01° 56' E, 2,130 feet to a point, thence, N 61° 32' E, 2,180 feet to a point in the southern edge of Scary Creek, thence, 1,500 feet with the southern edge of Scary Creek to the point of beginning, containing an area of 0.13 square miles.

(10) Town of Winfield, more particularly defined as follows:

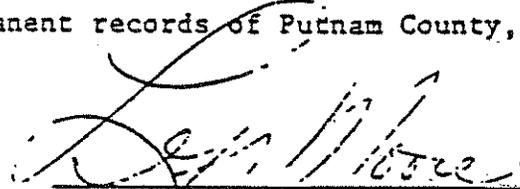
Beginning at the southern most point in the original Town limits, thence, S 36° E, 1,270.50 feet, leaving the Town limits to a point, thence, S 57° E, 4,075.50 feet to a point, thence, S 45-1/2° W, 412.50 feet to a point, thence, S 85-1/2° W, 511.50 feet to a point, thence, N 87° 30' W 478.50 feet to a point, thence, S 33-1/2° E, 2,739.00 feet to a point, thence, S 80-1/2° W, 1,435.50 feet to a point, thence, N 29° W, 39.60 feet to a point, thence, S 81-1/2° W, 1,386.0 feet, crossing Route 29/1 to a point, thence, N 31-1/2° E, 334.60 feet, again crossing Route 29/1 to a point, thence, S 75° W 264 feet to a point, thence, N 68° W 453.80 feet to a point, thence, W 1,386.0 feet, crossing Route 29/1 to a point, thence, N 71° 00" W, 1,250 feet, crossing Route 29/1 to a point, thence, S 51° 58' W 450 feet to a point, thence, S 48° 45' W, 1,455.20 feet, crossing Routes 29/1 and 29, thence, N 67° 15' W, 760.80 feet to a point, thence, N 33° 30' E, 128.70 feet to a point, thence, N 18° 45' E, 184.70 feet to a point, thence, N 29° 15' E, 286.50 feet to a point, thence, N 19° 30' E, 415.70 feet to a point, thence, N 60° 50' W 411.60 feet to a point, thence, N 55° 40' W, 378.60 feet to a point, thence, N 46° W, 436.60 feet to a point in the eastern right-of-way line of Route 34, thence, N 4° E, 2,715 feet crossing Routes 34 and 35 to a point in the southern edge of Kanawha River, thence, N 71° 35' E, 285 feet with the river to a point, thence, N 36° 15' E, 250 feet with the river to a point, thence, N 46° 37' E, 600 feet with the river to a point, thence, N 59° 40' E, 440 feet with the river to a point, thence, N 56-1/2° E, 471 feet with the river to a

point, thence, N 58-1/2° E, 146 feet with the river to a point, thence, N 55° E, 231 feet with the river to a point, thence, N 57° 30' E, 280 feet with the river to a point, thence, N 57° E 294 feet with the river to a point, thence, N 52° E, 587.80 feet with the river to a point, thence, N 52° E, 569.30 feet with the river to a point, thence, N 50° E, 1,155 feet with the river to a point in the original Town limits.

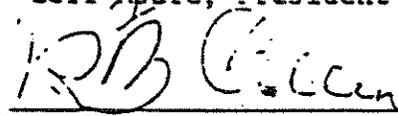
Section 2: (a) The name and corporate title of the expanded Teays Valley Public Service District shall be "South Putnam Public Service District".

(b) That the said area of the Teays Valley Public Service District, hereafter known as the South Putnam Public Service District, is hereby enlarged, extended, and expanded to include all of the aforementioned area as described herein, and is hereby made a part of the said area included and embraced within the South Putnam Public Service District, and that the same shall be henceforth and hereafter included, annexed, and made a part of, the South Putnam Public Service District, and shall henceforth and hereafter become and constitute an integral part of the said South Putnam Public Service District.

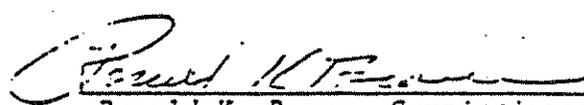
ENTERED into the permanent records of Putnam County, West Virginia, this 10th day of March, 1981.



Jeff Spore, President

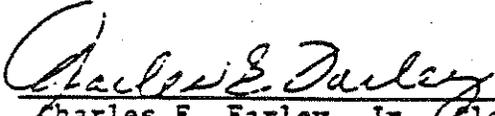


R. B. Allen, Commissioner



Ronald K. Brown, Commissioner

ATTEST:



Charles E. Farley, Jr., Clerk

Transmitted to the County Clerk's Office, March 11, 1981

Received by: _____

A RESOLUTION AND ORDER EXPANDING THE
BOUNDARIES OF THE SOUTH PUTNAM PUBLIC
SERVICE DISTRICT WITHIN PUTNAM COUNTY,
WEST VIRGINIA.

WHEREAS, the County Commission of Putnam County, West Virginia, did heretofore by a resolution and order adopted on the 3rd day of December, 1991, fix a date for a public hearing on the expansion of the South Putnam 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 Commission at this meeting, and have an opportunity to be heard, for and against the expansion of the said Public Service District; and,

WHEREAS, notice of this hearing was duly given in a manner provided and required by the said resolution and order and by Article 13A, Chapter 16, of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the expansion of the said District, but no written protest has been filed by the requisite number of qualified voters registered and residing within the proposed expanded Public Service District area or the existing boundaries of the South Putnam Public Service District, and said County

Commission has given due consideration to all matters for which such hearing was offered; and,

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order expanding the said District;

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED AND ORDERED by the County Commission of Putnam County, as follows:

Section 1.

That the physical, geographical, territorial limits of the South Putnam Public Service District, a public corporation, are hereby enlarged, expanded, and extended to include all of the properties described hereinafter, as follows:

AN AREA comprising the magisterial districts of Teays Valley, Scott, Curry, and that portion of Buffalo, south of the Kanawha River, including the area known as the Teays Valley Public Service District, but excluding the areas currently known as the Water and/or Sewer Utilities of Record.

Those areas to be excepted from the territorial jurisdiction of the South Putnam Public Service District are described hereinafter as follows:

(1) Lake Washington Public Service District, for water service only, more particularly defined as follows:

Beginning at a point in which the easterly line of Block C intersects the northerly right-of-way of U. S. Route 60, thence, N. 32° 13' W. 305.0 feet, N. 00° 50' W. 176.07 feet, thence N. 4° 22' W. 315.1 feet, thence, N. 27° 40' W. 1,729.7 feet, thence, S. 44° 18' W. 585.0 feet, thence, S. 43° 56' W. 1,693 feet, thence S. 6° 20' E. 265.9 feet, thence S. 40° 41' E. 70.0 feet, thence, S. 74° 07' E. 1,162.68 feet, thence, crossing U. S. Route 60, S. 15° 36' W. 270.7 feet, thence, S. 39° 18' W. 469.0 feet, thence, N. 85° 17' W. 198.0 feet, thence S. 71° 38' W. 549.2 feet, thence, S. 70° 35' W. 705.22 feet, thence, S. 58° 06' W. 478.9 feet, thence S. 58° 42' W. 437.75 feet, thence, S. 68° 34' W. 108.0 feet, thence, with West Virginia Route 34, S. 55° 45' E. 763.0 feet, thence, S. 83° 09' E. 609.8 feet, thence, S. 87° 44' E. 1,309.8 feet, thence, S. 24° 57' E. 546.9 feet, thence, S. 53° 14' E. 947.88 feet, thence, N. 71° 57' E. 880.48 feet, thence, N. 40° 07' E. 880.48 feet, thence, S. 60° 03' E. 1,461.4 feet, thence N. 6° 15' E. 848.7 feet, thence N. 16° 17' W. 99.0 feet, thence, S. 87° 25' E. 113.5 feet, thence, S. 67° 45' E. 138.4 feet, thence, S. 58° 40' E. 105.4 feet, thence S. 45° 25' E. 171.8 feet, thence, S. 42° 05' E. 128.0 feet, thence, S. 33° 40' E. 279.9 feet, thence, S. 46° 25' E. 263 feet, thence, S. 21° 45' E. 340.5 feet, thence, S. 60° 25' E. 229.0 feet, thence N. 35° 40' E. 119.5 feet, thence, N. 20° 01' W. 798.0 feet, thence, N. 56° 00' E. 77.03 feet, thence, N. 50° 05' E. 794.47 feet, thence, N. 66° 00' E. 433.95 feet, thence, N. 78° 00' E. 423.7 feet, thence, N. 64° 44' W. 312.42 feet, thence, N. 58° 11' W. 577.0 feet, thence, N. 88° 17' W. 739.68 feet, thence, crossing U. S. Route 60, N. 13° 16' E. 990.0 feet, thence along Route 60, S. 70° 05' W. 400.0 feet, thence, S. 98° 56' W. 400.0 feet, thence, S. 72° 00' W. 350.0 feet, to place of beginning, containing an area of 0.67 square miles.

(2) Kanawha Orchard Public Service District, more particularly defined as follows:

Beginning at a point in the northerly right-of-way of Interstate Route 64 and 0.15 miles west of the center of McCloud Road, thence, N. 26° 40' E. 1.18 miles, thence, N. 63° 40' E. 1.34 miles, thence, N. 20° 35' W. 2.03 miles, thence N. 69° 25' 0.81 miles to center of Kanawha River, thence, up Kanawha River S. 20° 25' E. 0.32 miles, thence, S. 69° 25' W. 0.29 miles to the center of West Virginia Route 17, thence, with Route 17, S. 20° 35' E. 0.25 miles, thence, S. 4° 45' E.

0.19 miles to a point in said State Route 17 having a latitude of N. 38° 30' and longitude W. 81° 50' 30", thence, leaving West Virginia Route 17 N. 69° 25' E. 0.30 miles to center of Kanawha River, thence, with center of the River and up stream 1.68 miles, thence, leaving the River S. 39° 40' 0.65 miles to a point having a latitude of N. 38° 25' 29" and longitude of W. 81° 50', thence, S. 63° 40' W. 1.55 miles, thence, to the northerly right-of-way of Interstate Route 64 S. 6° 15' E. 0.75 miles, thence, with northerly right-of-way line of Interstate 64 1.10 miles, more or less to place of beginning, containing 3.70 square miles.

(3) Putnam Utilities Corporation, more particularly defined as follows:

TRACT A: Beginning at a stone on a ridge on a line of the Cargill land, the said stone being a common corner to the land owned by A. C. Radford and Hazel B. Radford, his wife; thence, with the said line of the Cargill land, S. 85° 30' W. 191.5 feet to a white oak stump in a low gap; thence, N. 97° 30' W. 940.5 feet to a stake; thence, S. 63° 30' W. 495 feet to a stone by some hickories; thence, N. 97° 30' W. 792 feet to a stone, corner to a tract of land owned by Charles C. Payne; thence, with the northeasterly line of the said Payne land, N. 47° 45' W. 1,912.5 feet to an iron pipe; thence, N. 41° 7' E. 696 feet to an iron pipe in the southwesterly line of the said Radford land; thence, with the line of the Radford land, S. 64° 30' E. 3,686.5 feet to the place of beginning, containing 62.44 acres, more or less.

TRACT B: Beginning at an iron pipe in the southerly right-of-way of U. S. Route 35, the said iron pipe being a common corner to a tract of land owned by A. C. Radford and Hazel B. Radford, his wife; thence, with the southwesterly line of the said Radford land, S. 36° 00' E. 1,800 feet to an iron pipe; thence, S. 64° 30' E. 455 feet to an iron pipe; thence, leaving the Radford land, S. 41° 7' W. 696 feet to an iron pipe in the northeasterly line of a tract of land owned by Charles C. Payne; thence, with the said line of the Payne land, N. 47° 45' W. 580 feet to an iron pipe; thence, N. 36° 00' W. 1,482 feet to an iron pipe in the southerly line of Rockystep Branch Road; thence, with the right-of-way line of the said road, N. 51° 48' E. 29.5 feet to an iron pipe; thence, N. 35° 40' W. 336.6 feet to an iron pipe at the intersection of the easterly right-of-way line of Rockystep Branch Road and the southerly right-of-way line of U. S. Route 35; thence, running with U. S. Route 35, N. 55° 32' E. 542.4 feet to the place of beginning, containing 30.9 acres, more or less.

TRACT C: Beginning at an iron pipe in the common division line between the land owned by Charles C. Payne and the property herein conveyed, said iron pipe being located N. 36° 00' W. 444.4 feet from a stake in the northerly right-of-way line of U. S. Route 35; thence, with the common division line between the property herein conveyed and the Payne property, N. 36° 00' W. 201 feet to a stake at the edge of Kanawha River; thence, running up the river and binding thereon, N. 49° 37' E. 209.1 feet, to an iron pipe; thence, running S. 36° 00' E. 217 feet; thence, running S. 54° 00' W. 209.5 feet to the place of beginning, containing 1 acre.

(4) Riverdale Utility Company, more particularly defined as follows:

TRACT 2: Beginning at an iron pipe in the northerly right-of-way line of State Route 17, at the point where the division line between the lands of Walter M. Raynes and F. F. Morris intersect said northerly right-of-way line; thence, leaving the said right-of-way line running with the division line between Morris and Raynes and Morris and Rose, N. 3° 00' W. 1,724 feet to an iron pipe where originally stood a stake 9 feet above a marked beech; thence, leaving Rose and running up the Kanawha River with pool stage, S. 81° 00' E. 543 feet to an iron pipe at the corner of Parcel 1 and 2; thence, leaving the river and running across the bottom with the division line between Parcels Nos. 1 and 2, S. 2° 00' E. 1,555 feet to an iron pipe in the northerly right-of-way of State Highway No. 17; thence, running in a westerly direction with the said northerly right-of-way line, a distance of 505 feet to the point of beginning, containing 19.6 acres, more or less.

(5) Sunnybrook Public Service District, more particularly defined as follows:

Beginning at a point in the Teays Valley Public Service District line 200 feet south of the center line of West Virginia Primary Route 34, having a latitude N. 38° 26' 30" and a longitude W. 81° 59' 04"; thence, S. 68° 15' W. for 0.30 miles parallel with West Virginia Route 34 to a point having a latitude N. 38° 26' 24" and longitude W. 81° 59' 23"; thence, N. 37° 09' W. for 0.15 miles, crossing West Virginia Route 34 at about 200 feet to a point having a latitude N. 38° 26' 31" and longitude W. 81° 59' 29"; thence, N. 45° 59' W. for 0.11 miles to a point on the south right-of-way of Old County Route 34/22

having a latitude N. 38° 26' 34" and longitude W. 81° 59' 34"; thence, with the road right-of-way S. 37° 00' W. for 0.08 miles to a point in the right-of-way having latitude N. 38° 26' 32" and longitude W. 81° 59' 36"; thence, N. 14° 00' W. with a fence line for 0.625 miles to a point on the Interstate Route 64 right-of-way having a latitude N. 38° 27' 05" and longitude W. 81° 59' 51"; thence, N. 68° 00' E. with the Interstate right-of-way line for 0.46 miles to a point on the right-of-way line having latitude N. 38° 27' 11" and longitude W. 81° 59' 22"; thence, in a southerly direction for 0.32 miles with the Sunnybrook Estate-Springdale Estates Subdivision boundary line to a point having a latitude N. 38° 26' 54" and longitude W. 81° 59' 15"; thence, N. 82° 45' E. for 0.19 miles to a point on the Teays Valley Public Service District Boundary line, having latitude N. 38° 26' 55" and longitude W. 81° 59' 04"; thence, S. for 0.48 miles with the Teays Valley Public Service District boundary line to the point of beginning, and containing an area of 0.402 square miles in Teays Valley Magisterial District of Putnam County, West Virginia.

(6) Culloden Sanitary Sewer and Water Service are to be excluded from the South Putnam Public Service District area, more particularly defined as follows:

Culloden Area No. 1

Beginning at a point reference to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates N518475, E1698600 and being approximately situated on the Cabell-Putnam County Line; thence, with the following bearings and distances, based on the before named Plane Coordinate System, N. 01° 05' 28" W. 2,625.48 feet; thence, N. 63° 52' 08" E. 1,475.85 feet; thence, S. 33° 23' 19" E. 1,317.43 feet; thence, S. 42° 35' 59" W. 2,954.76 feet, to the true point of beginning.

Culloden Area No. 2

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinates N516900, E1698725 and being approximately situated on the Cabell-Putnam County Line; thence, with the southerly right-of-way line of the Service Wholesale Access Road, 1,250 feet, more or less, to the westerly right-of-way line of Putnam County Route 60/1 (Thompson Road); thence, with said

westerly right-of-way line 2,200 feet, more or less, to a point; thence, leaving said westerly right-of-way line with the following bearings and distances based on the before named Plane Coordinate System: S. 53° 07' 48" W. 125.00 feet; thence, S. 38° 39' 35" E. 1,120.55 feet; thence, N. 66° 48' 05" E. 761.58 feet; thence, S. 70° 33' 36" E. 1,640.00 feet; thence, S. 61° 54' 24" W. 1,707.71 feet; thence S. 78° 38' 01" E. 3,503.00 feet; thence, N. 03° 55' 33" W. 4,100 feet, to the true point of beginning.

(7) City of Hurricane Water Service Area, more particularly defined as follows:

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustments, and having the coordinates N521750, E1700000; thence, with the following bearings and distances based on the before named Plane Coordinate System: N. 63° 47' 00" E. 7,356.80 feet; thence N. 47° 01' 17" W. 1,503.54 feet; thence, N. 31° 05' 50" E. 1,839.33 feet; thence, S. 70° 01' 01" E. 1,463.09 feet; thence, S. 07° 18' 21" E. 982.98 feet; thence, S. 25° 38' 28" E. 693.27 feet; thence, N. 53° 44' 46" E. 1,960.11 feet; thence, N. 58° 32' 09" E. 3,927.47 feet; thence, S. 29° 41' 27" E. 3,280.72 feet; thence, N. 54° 46' 57" E. 1,560.65 feet; thence, S. 16° 41' 57" E. 1,044.03 feet; thence, S. 70° 07' 59" W. 6,326.53 feet; thence, S. 04° 23' 55" W. 1,303.84 feet; thence S. 58° 23' 33" W. 3,052.87 feet; thence, S. 07° 41' 46" E. 1,866.82 feet; thence, S. 33° 06' 41" W. 1,372.95 feet; thence, N. 52° 18' 21" W. 1,390.14 feet; thence, S. 86° 11' 09" W. 2,254.99 feet; thence, S. 09° 03' 28" E. 3,493.57 feet; thence S. 46° 32' 53" W. 654.31 feet; thence, N. 75° 22' 45" W. 1,782.73 feet; thence S. 73° 18' 03" W. 522.02 feet; thence, N. 50° 54' 22" W. 1,030.78 feet; thence, N. 45° 00' 00" E. 353.55 feet; thence N. 17° 31' 32" W. 498.12 feet; thence, N. 40° 56' 26" W. 2,746.93 feet; thence N. 02° 20' 14" E. 1,226.02 feet; thence, N. 42° 22' 25" E. 1,928.89 feet; thence, N. 29° 03' 17" W. 1,029.56 feet to the true point of beginning.

(8) City of Hurricane Sanitary Sewer Service Area, more particularly defined as follows:

Beginning at a point referenced to the West Virginia Plane Coordinate System, South Zone, said Coordinate System referenced to the North American Datum, 1927 adjustment, said point having the coordinate N524160.24, E1704721.07 and being approximately situated on the southerly right-of-way line of Interstate Route 64;

thence, with the following bearings and distances based on the before named Plane Coordinate System; N. 63° 56' 44" E. 2,481.07 feet; thence, N. 74° 55' 53" E. 1,346.29 feet; thence, S. 29° 44' 42" E. 604.67 feet; thence, N. 70° 42' 36" E. 529.74 feet; thence, S. 33° 41' 24" E. 180.28 feet; thence, N. 64° 29' 10" E. 2,437.72 feet; thence, S. 29° 18' 03" E. 369.12 feet; thence, S. 65° 11' 09" W. 2,561.49 feet; thence, S 24° 56' 39" E. 2,371.18 feet, more or less, to a point in the center of Hurricane Creek; thence, with the center of Hurricane Creek in a southwesterly, upstream direction, 3,800 feet, more or less, to the center of the West Virginia Route 34 Hurricane Creek Bridge; thence, leaving the center line of Hurricane Creek, with the following bearings and distances based on the before named Plane Coordinate System; S. 61° 36' 08" W. 2,796.52 feet; thence, N. 55° 03' 16" W. 2,025.14 feet; thence, S. 33° 09' 48" W. 603.26 feet; thence N. 55° 00' 29" W. 305.16 feet; thence, N. 26° 33' 54" E. 279.51 feet; thence, N. 56° 19' 36" W. 901.39 feet; thence, S. 33° 41' 24" W. 721.11 feet; thence, N. 55° 00' 29" W. 305.16 feet; thence, S. 30° 20' 36" W. 1,187.70 feet; thence, S. 53° 07' 48" E. 625.00 feet; thence, S. 35° 32' 16" W. 430.12 feet; thence N. 54° 41' 20" W. 735.27 feet; thence, N. 32° 39' 39" E. 1,158.12 feet, thence, N. 51° 20' 25" W. 160.08 feet; thence, N. 29° 25' 39" E. 1,119.43 feet; thence, N. 31° 56' 41" E. 1,320 feet, more or less; thence, northeast along southern right-of-way of Virginia Avenue, Putnam County Route 60/10, 3,050 feet, more or less; thence, northwest along the eastern right-of-way of Sovine Road, Putnam County Route 60/3, 915 feet, more or less to the true point of beginning.

(9) Ventroux Water Association for water service only,
more particularly defined as follows:

Beginning at a point which is the intersection of the western right-of-way line of U. S. Route 35 and the southern edge of Scary Creek; thence, 700 feet in a southerly direction with the Route 35 line to a point; thence, N. 84° 15' W. 2,360 feet, leaving the Route 35 line to a point; thence S. 03° 24' W. 1,950 feet to a point; thence N. 87° 18' W. 500 feet to a point; thence N. 01° 56' E. 2,130 feet to a point; thence, N. 61° 32' E. 2,180 feet to a point in the southern edge of Scary Creek; thence, 1,500 feet with the southern edge of Scary Creek to the point of beginning, containing an area of 0.13 square miles.

(10) Town of Winfield, more particularly defined as follows:

Beginning at the southernmost point in the original town limits; thence, S. 36° E. 1,270.50 feet, leaving the town limits to a point; thence, S. 57° E. 4,075.50 feet to a point; thence, S. 45-1/2° W. 412.50 feet to a point; thence, S. 85-1/2° W. 511.50 feet to a point; thence, N. 87° 30' W. 478.50 feet to a point; thence, S. 33-1/2° E. 2,739.00 feet to a point; thence, S. 80-1/2° W. 1,435.50 feet to a point; thence, N. 29° W. 39.60 feet to a point; thence S. 81-1/2° W. 1,386.0 feet, crossing Route 29/1 to a point; thence, N. 31-1/2° E. 334.60 feet, again crossing Route 29/1 to a point; thence, S. 75° W. 264 feet to a point; thence, N. 68° W. 453.80 feet to a point; thence, W. 1,386.0 feet, crossing Route 29/1 to a point; thence, N. 71° 00' W. 1,250 feet, crossing Route 29/1 to a point; thence S. 51° 58' W. 450 feet to a point; thence, S. 48° 45' W. 1,455.20 feet, crossing Routes 29/1 and 29; thence, N. 67° 15' W. 760.80 feet to a point; thence, N. 33° 30' E. 128.70 feet to a point; thence, N. 18° 45' E. 184.70 feet to a point; thence, N. 29° 15' E. 296.50 feet to a point; thence, N. 19° 30' E. 415.70 feet to a point; thence, N. 60° 50' W. 411.60 feet to a point; thence, N. 55° 40' W. 378.60 feet to a point; thence, N. 46° W. 436.60 feet to a point in the eastern right-of-way line of Route 34; thence, N. 4° E. 2,715 feet crossing Route 34 and 35 to a point in the southern edge of Kanawha River; thence, N. 71° 35' E. 285 feet with the river to a point; thence, N. 36° 15' E. 250 feet with the river to a point; thence, N. 46° 37' E. 600 feet with the river to a point; thence N. 59° 40' E. 440 feet with the river to a point; thence, N. 56-1/2° E. 471 feet with the river to a point; thence, N. 58-1/2° E. 146 feet with the river to a point; thence N. 55° E. 231 feet with the river to a point; thence, N. 57° 30' E. 280 feet with the river to a point; thence N. 57° E. 294 feet with the river to a point; thence, N. 52° E. 587.80 feet with the river to a point; thence, N. 52° E. 569.30 feet with the river to a point; thence, N. 50° E. 1,155 feet with the river to a point in the original town limits

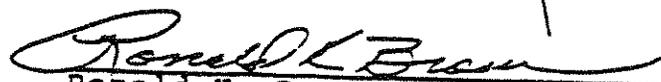
Section 2.

That the said area of the South Putnam Public Service District is hereby enlarged, extended, and expanded to include all of the aforementioned area as described herein, and is hereby made a part of the said area included and embraced within the South Putnam Public Service District, and that the same shall be henceforth and hereafter included, annexed, and made a part of the South Putnam Public Service District, and shall henceforth and hereafter become and constitute and integral part of the said South Putnam Public Service District.

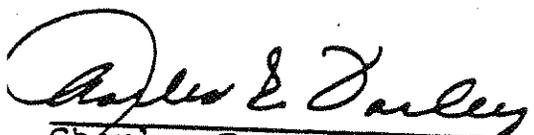
Entered into the permanent records of Putnam County, West Virginia, this 3rd day of December, 1981.


_____, President
Leff Moore


_____, Commissioner
R. B. Allen


_____, Commissioner
Ronald K. Brown

ATTEST:



Charles E. Farley, Clerk

STATE OF W.V.

I, Charles E.

hereby certify

and transcri

Given u

at Winfield

PUTNAM COUNTY CLERK'S OFFICE

Clerk of the Putnam County Commission do,

hereby certify that this foregoing is a true and correct copy

of the record of the Putnam County Commission,

on the _____ day of _____, 1982

CHARLES E. FARLEY, CLERK, PUTNAM COUNTY COMMISSION

By _____ Deputy

STATE OF WEST VIRGINIA, PUTNAM COUNTY CLERK'S OFFICE

I, Charles E. Farley, Clerk of the Putnam County Commission do,

hereby certify that this foregoing is a true and correct copy

and transcript from the record of my office.

Given under my hand and seal of the said commission,

at Winfield, West Virginia, this the 16 day of Feb, 1982

Court Order Book 28 At Page 314

CHARLES E. FARLEY, CLERK, PUTNAM COUNTY COMMISSION

By L. E. Ewens Deputy

RESOLUTION OF
CITY OF HURRICANE

BE IT RESOLVED by the City Council of the City of Hurricane as follows:

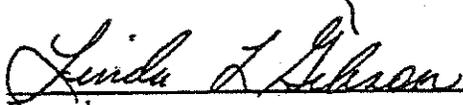
The City of Hurricane hereby consents to the provision of sewerage services by South Putnam Public Service District in the following area within the boundaries of the City of Hurricane:

An area along Route 34 South beginning near the Hurricane Creek bridge and extending along Route 34 to Route 60 and including an area 1,000 feet west along Harbour Lane.

Adopted and effective this 1st day of May, 1995.



Mayor



Recorder

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Council of the CITY OF HURRICANE on the 1st day of May, 1995, which Resolution has not been repealed, rescinded, modified, amended or revoked, as witness my hand and the seal of the City of Hurricane this 1st day of May, 1995.

[SEAL]


Recorder

04/18/95
SPSJ.O2
847280/94001

RESOLUTION OF

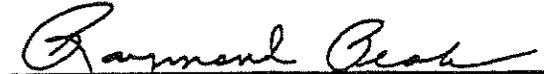
SANITARY BOARD OF CITY OF HURRICANE

BE IT RESOLVED by the Sanitary Board of the City of Hurricane as follows:

The Sanitary Board of the City of Hurricane hereby consents to the provision of sewerage services by South Putnam Public Service District in the following area within the boundaries of the City of Hurricane:

An area along Route 34 South beginning near the Hurricane Creek bridge and extending along Route 34 to Route 60 and including an area 1,000 feet west along Harbour Lane.

Adopted and effective this 1st day of May, 1995.


Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Sanitary Board of the CITY OF HURRICANE on the 1st day of May, 1995, which Resolution has not been repealed, rescinded, modified, amended or revoked, as witness my hand this 1st day of May, 1995.



Chairman

04/25/95
SPSJ.P3
847280/94001

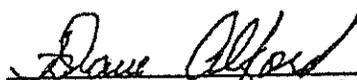
IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

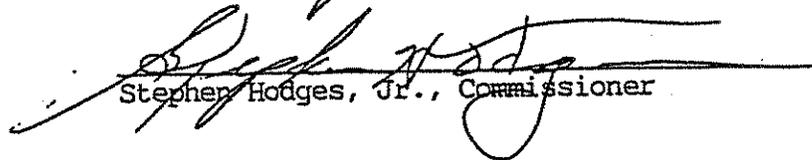
The County Commission of Putnam County, West Virginia sitting in regular session this 15th day of July, 1993, does hereby REAPPOINT Mr. Glen Yeager, 121 Laurel Ridge, Scott Depot, WV 25560 to the South Putnam Public Service. Mr. Yeager's term will expire 8-31-99.

It is further ORDERED that the Clerk of this Commission certify one copy of this ORDER to the above-named appointee.

ENTER this 15th day of July, 1993.

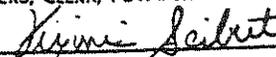

Franklin D. Bannister, President


Dave Alford, Commissioner


Stephen Hodges, Jr., Commissioner

STATE OF WEST VIRGINIA PUTNAM COUNTY CLERK'S OFFICE
I, Harold Summers, Clerk of Putnam County Commission do
hereby certify that the foregoing is a true and correct
copy and transcript from the record of my office.
Given under my hand and seal of said commission.

at Winfield, West Virginia, this the 7 day of April, 1995
HAROLD SUMMERS, CLERK, PUTNAM COUNTY COMMISSION

By  Deputy

IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

The County Commission of Putnam County, West Virginia sitting in regular session this 20th day of August, 1997, does hereby REAPPOINT Calvin Hatfield, P.O. Box 18, Hurricane, WV 25526 to serve as a member of the South Putnam Public Service Board. This term will expire 08/31/03.

It is further ORDERED that the Clerk of this Commission certify one copy of this order to the above-named appointee.

Enter this 20th day of August, 1997.

Absent

James H. Caruthers, Jr., President

Stephen Hodges, Jr.
Stephen Hodges, Jr., Commissioner

Clinton E. Beaver

Clinton E. Beaver, Commissioner

BOOK 0063 PAGE 657

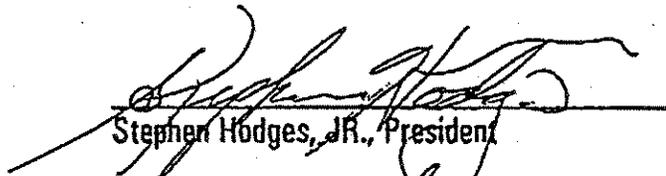
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IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

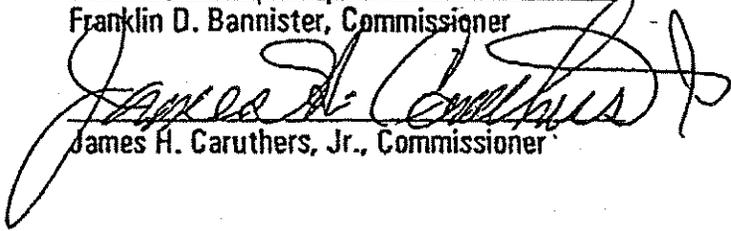
The County Commission of Putnam County, West Virginia sitting in regular session this 21st day of August, 1995, does hereby REAPPOINT the following member to the South Putnam Public Service District Board

Carl S. Coffman, Jr, 7 Mt. Vernon Circle, Hurricane, WV 25526 Term Expires 8-31-2001

Enter this 21st day of August, 1995.


Stephen Hodges, Jr., President


Franklin D. Bannister, Commissioner


James H. Caruthers, Jr., Commissioner

OFFICIAL OATH

STATE OF WEST VIRGINIA,

PUTNAM COUNTY, SS:

I, Glen Yeager do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Re-appointed member of the South Putnam, PSD

to the best of my skill and judgement, SO HELP ME GOD.

Glen Yeager

Subscribed and sworn to before me this 26th day of July, 19 93.

Harold Summers CLERK
Putnam County Commission,
Winfield, West Virginia

BY: K. J. J. J. Deputy

STATE OF WEST VIRGINIA PUTNAM COUNTY CLERK'S OFFICE
I, Harold Summers, Clerk of Putnam County Commission do hereby certify that the foregoing is a true and correct copy and true from the record of my office.
Given under my hand and seal of said commission.

at Winfield, West Virginia, this the 7 day of April, 19 95
HAROLD SUMMERS, CLERK, PUTNAM COUNTY COMMISSION
By K. J. J. J. Deputy

STATE OF WEST VIRGINIA, }
Putnam County, } ss.

I, Calvin Hatfield,

do solemnly swear that I will support the Constitution of the United States of America, and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of a member of the South Putnam Public Service Board (term to expire 8/31/03) to the best of my skill and judgment, so help me God.

Calvin L. Hatfield

Subscribed and sworn to before me this 5th day of September, 1997

Harold Summers, Clerk
Putnam County Commission, W. Va.

By Virginia Seibert, Deputy

WEST VIRGINIA, Putnam County Commission Clerk's Office, September 5, 1997

This day the foregoing oath together with certificate attached was duly admitted to record herein.

Attest:

Harold Summers

Clerk

By Virginia Seibert, Deputy

STATE OF WEST VIRGINIA,
Putnam County, } ss.

I, Carl S. Coffman, Jr.

do solemnly swear that I will support the Constitution of the United States of America, and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of a member of the South Putnam Public Service District Board term to expire August 31, 2001 to the best of my skill and judgment, so help me God.

Carl S. Coffman Jr.

Subscribed and sworn to before me this 26th day of October, 1995.

Harold Summers, Clerk
Putnam County Commission, W. VA.
By Virginia Seibert, Deputy.

WEST VIRGINIA, Putnam County Commission Clerk's Office, October 26, 1995

This day the foregoing oath together with certificate attached was duly admitted to record herein.

Attest: *Harold Summers*, Clerk.
By Virginia Seibert, Deputy.

RULES OF PROCEDURE

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: South Putnam Public Service District.

Section 2. The principal office of this Public Service District will be located at Poplar Fork Road, Scott Depot, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed South Putnam Public Service District, and in the center "seal" as follows:

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

ARTICLE II

PURPOSE

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

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Putnam County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

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

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the 2 & 4 Tuesday of each month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

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

Section 3. Unless otherwise waived, notice to members by letter or telephone shall be required for regular meetings. Unless otherwise waived, notice in writing of each special meeting of the membership shall be given to all members by the Secretary by mailing the same to the last known post office addresses of the members at least 3 days before the date fixed for such meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

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

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

B. A notice shall be posted by the Secretary of the Public Service Board at the front door to the Putnam County Courthouse and at the front door of the place fixed for the regular meetings of the Public Service Board at least 48 hours before a special session is to be held, stating the time, place and purpose for which such special session shall be held. If the special session is cancelled, a notice of such cancellation shall be posted at the front

doors of the Courthouse and the meeting place as soon as feasible after such cancellation has been determined upon.

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

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL SESSION

The Public Service Board of South Putnam Public Service District will meet in special session on _____, at _____ m., prevailing time, at Scott Depot, West Virginia, for the following purposes:

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

2.

Secretary

Date: _____

ARTICLE V

OFFICERS

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

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

ARTICLE VI

DUTIES OF OFFICERS

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

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

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other writings and papers of the Board. He shall also perform such other duties as he may have under law by virtue of his office or as may be conferred upon him from time to time by the members of the Board.

Section 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board.

ARTICLE VII

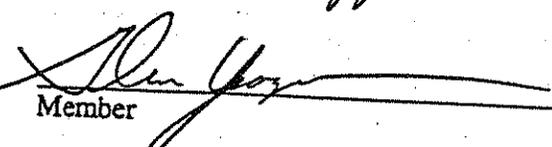
AMENDMENTS TO RULES OF PROCEDURE

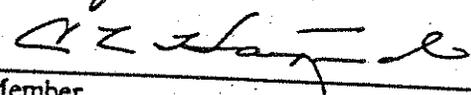
These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but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

to propose such change, alteration, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

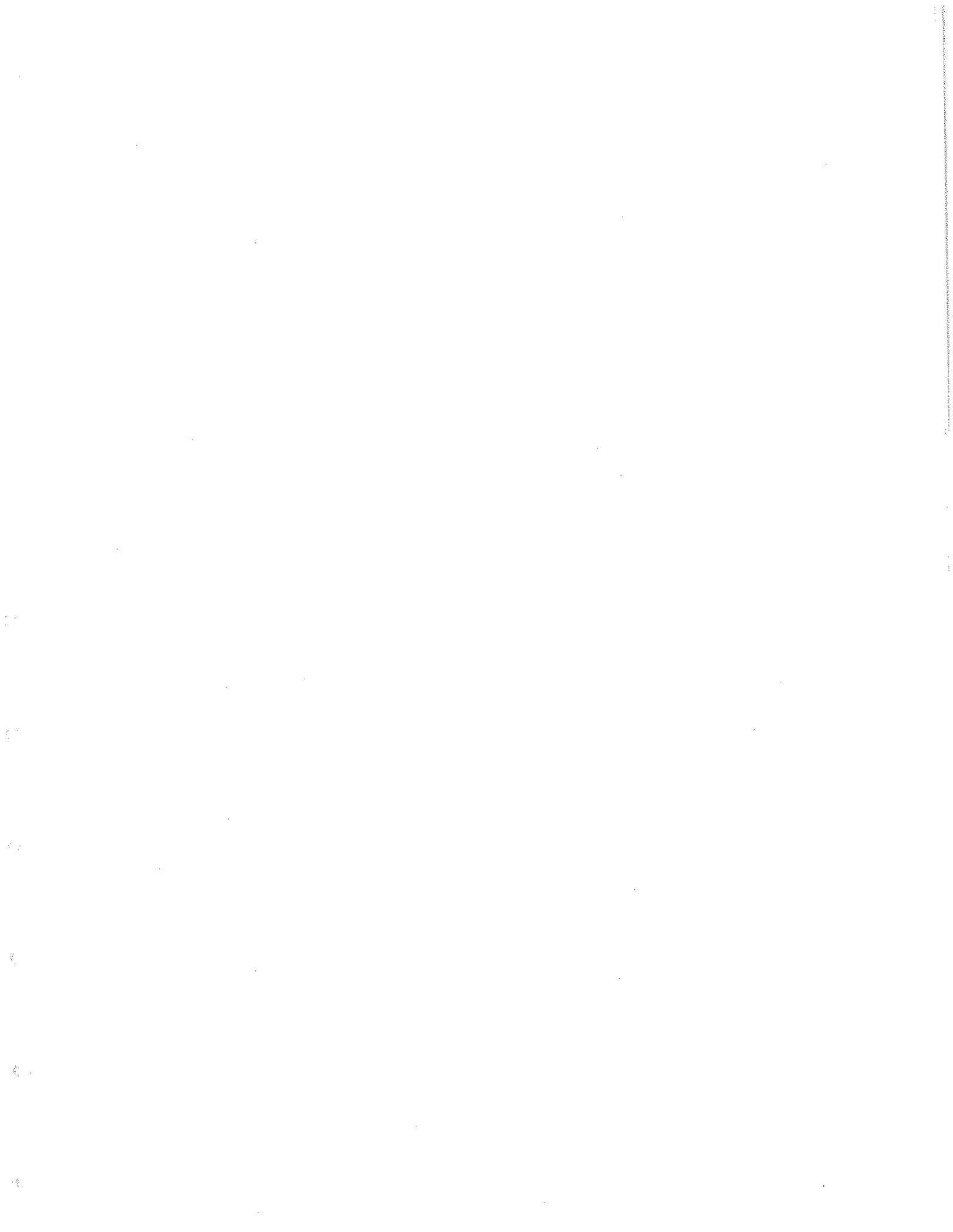
Adopted: March 28, 1995.


Chairman and Member


Member


Member

03/31/95
SPSC.N1
847280/94001



The Breeze
For Results Try

ESTABLISHED 1900

COOKIE ALLEN
PUBLISHER

PHONE 304-562-9881

THE HURRICANE BREEZE
THE WEEKLY NEWSPAPER FOR ALL OF PUTNAM COUNTY
488 HURRICANE CREEK ROAD
P.O. BOX 310
HURRICANE, WEST VIRGINIA 25526

CERTIFICATE OF PUBLICATION

STATE OF WEST VIRGINIA,
COUNTY OF PUTNAM, To wit:

This day personally appeared before me, a Notary Public of said County of Putnam,.....Ron.Allen.....of The Hurricane Breeze, and after being duly sworn deposes and says that the attached legal publication was duly published in The Hurricane Breeze for.....One....(1) consecutive issues, in its issues dated March 25....., 19..99..

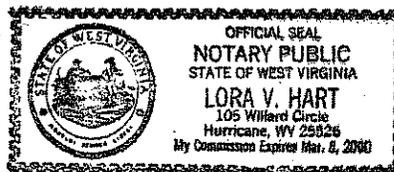
Ron Allen

.....
The Hurricane Breeze

Subscribed and sworn to before me this....26th.....day
of.....March....., 19..99..

Lora V Hart

.....
Notary Public



OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 18th day of March, 1999.

CASE NO. 98-0819-PWD-CN
SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Application for a certificate of convenience and necessity to construct an extension to provide water service to unserved customers of Cow Creek/Trace Creek area of Putnam County; and for approval of rates and charges and financing incidental thereto.

AMENDED NOTICE OF FILING

WHEREAS, on October 16, 1998, South Putnam Public Service District (District) filed an application for a certificate of convenience and necessity to construct Phase I of a three-phase water extension project to be constructed during the period 1998 through 2005.

WHEREAS, a Recommended Decision was issued on December 11, 1998 approving construction of Phase I.

WHEREAS, approval for construction of Phase I was not finalized due to a filing on December 23, 1998, by West Virginia-American Water Company (WVAWC) and the Putnam County Commission entitled Joint Petition to Intervene and Joint Motion to set Aside the Recommended Decision (Joint Petition and Motion).

WHEREAS, on December 28, 1998, the Commission issued an Order staying the Recommended Decision and requiring the District to respond to the Joint Petition and Joint Motion.

WHEREAS, numerous citizens have filed letters and signed petitions protesting the delay of the certificated project.

WHEREAS, on February 26, 1999, the District filed a Motion For Revision to its Motion for Revision includes a request for approval of a settlement agreement between the District, the Putnam County Commission and WVAWC. The District requested expedited treatment of its Motion for Revision.

WHEREAS, the District no longer intends to limit the scope of this certificate proceeding to Phase I of the greater project. The District requests that this proceeding be expanded to include the service areas of Phases I and II, and a Washington Hill extension that was not originally contained in Phases I or II, which will result in service to 205 additional residences and businesses now in existence and to substantial tracts of developable land.

WHEREAS, the District now proposes to construct the revised project in four stages as follows:

Stage 1 The line from Cow Creek to Peach Ridge Road. The booster station on Cow Creek, then the Peach Ridge tank. The line along Peach Ridge Road to a point 1,000 feet South of the Peach Ridge Church, the line from Peach Ridge Road to the tank and off the hill to Foster Road, and all of Foster Road and the contaminated wells of Trace Creek Road; and

Stage 2 The main Hurricane Creek Road line from Trace Creek Road South to the City of Hurricane line near Sleepy Creek Road, the line on Sleepy Creek Road and the line on Coon Creek Road.

Stage 3 The Main Hurricane Creek line from Foster Road north to Washington Hill Road, the Washington Hill Road line, the connecting line from Hurricane Creek Road crossing over Hurricane Creek to the Bird property, and then cross-country to the terminal point at the District's existing line on Cow Creek Road.

Stage 4 The remaining lines on Peach Ridge Road not included in Stage 1, the Hurricane Waste Water Plant Road line, the line on Poindexter Road, the line on Black Lick Road, and the remaining line on Trace Creek Road.

with the following rates for the District's customers:

Schedule 1

Applicability

Applicable to entire territory served.

Availability

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

Rate

	\$\$\$
	Minimum Rate
First 2,000 gallons used per month	3.23 per 1,000 gallons
Next 23,000 gallons used per month	2.97 per 1,000 gallons
Next 975,000 gallons used per month	2.04 per 1,000 gallons
Next 1,000,000 gallons used per month	

Minimum Rate

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

5/8 Inch or 3/4 inch meter	\$ 12.25 per month
1 Inch meter	\$ 20.62 per month

Applicability
Applicable in territory formerly served by Kanawha Orchard Public Service District.**Availability**

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

Rate

First 3,000 gallons used per month \$5.25 per 1,000 gallons
 Next 7,000 gallons used per month \$5.00 per 1,000 gallons
 Next 10,000 gallons used per month \$4.75 per 1,000 gallons

Minimum Charge

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

5/8 inch or 3/4 inch meter or smaller \$ 15.75 per month
 1 inch meter \$ 39.38 per month
 1-1/2 inch meter \$ 78.75 per month
 2 inch meter \$126.00 per month
 4 inch meter \$236.25 per month
 6 inch meter \$393.75 per month
 8 inch meter \$787.50 per month

Reconnection Service Charge

If water service is terminated for violation of the rules of Kanawha Orchard Public Service District or the Public Service Commission, nonpayment of bills, fraudulent use of water, or on request of the customer, the reconnection charge shall be \$15.00

Connection Fee

A connection fee will be charged according to the following schedule:

Service Connection Fee-----\$200.00

Schedule 2

Applicability

Applicable in entire territory served.

Availability

Available for private fire protection.

Rate

The monthly rate for private fire protection will be \$28.62 per hydrant to sprinkler connection.

Fire Service Tap Fee

The tap for connection of private fire hydrants or sprinkler connections shall be the actual cost of making said connection.

Reconnection Charge and Delayed Payment Penalty

The connection service charge and delayed payment penalty set forth in Schedule 1 is applicable to Schedule 2.

Pursuant to West Virginia Code § 24-2-11, IT IS ORDERED that the South Putnam Public Service District give notice of the revised project by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Putnam County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to make objection to said application must do so in writing within thirty (30) days after publication of this notice, to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said 30-day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

A True Copy, Teste:

SANDRA SQUIRE

Executive Secretary

3-25-11

**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 18th day of March, 1999.

CASE NO. 98-0819-PWD-CN

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Application for a certificate of convenience and necessity to construct an extension to provide water service to unserved customers of Cow Creek/Trace Creek area of Putnam County, and for approval of rates and charges and financing incidental thereto.

AMENDED NOTICE OF FILING

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WHEREAS, on December 28, 1998, the Commission issued an Order staying the Recommended Decision and requiring the District to respond to the Joint Petition and Joint Motion.

WHEREAS, numerous citizens have filed letters and signed petitions protesting the delay of the certificated project.

WHEREAS, on February 26, 1999, the District filed a Motion For Revision to Its

Motion for Revision includes a request for approval of a settlement agreement between the District, the Putnam County Commission and WVAWC. The District requested expedited treatment of its Motion for Revision.

WHEREAS, the District no longer intends to limit the scope of this certificate proceeding to Phase I of the greater project. The District requests that this proceeding be expanded to include the service areas of Phases I and II, and a Washington Hill extension that was not originally contained in Phases I or II, which will result in service to 205 additional residences and businesses now in existence and to substantial tracts of developable land.

WHEREAS, the District now proposes to construct the revised project in four stages as follows:

- Stage 1 The line from Cow Creek to Peach Ridge Road. The booster station on Cow Creek, then the Peach Ridge tank. The line along Peach Ridge Road to a point 1,000 feet South of the Peach Ridge Church, the line from Peach Ridge Road to the tank and off the hill to Foster Road, and all of Foster Road and the contaminated wells of Trace Creek Road; and
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- Stage 3 The Main Hurricane Creek line from Foster Road north to Washington Hill Road, the Washington Hill Road line, the connecting line from Hurricane Creek Road crossing over Hurricane Creek to the Bird property, and then cross-country to the terminal point at the District's existing line on Cow Creek Road.
- Stage 4 The remaining lines on Peach Ridge Road not included in Stage 1, the Hurricane Waste Water Plant Road line, the line on Poindexter Road, the line on Black Lick Road, and the remaining line on Trace Creek Road.

WHEREAS, due to the expanded scope of the revised project, costs of the revised project are now estimated not to exceed \$6,750,000, in comparison to costs of the original Phase I project, which were estimated not to exceed \$800,000.

WHEREAS, interim financing is available to the District through a twelve-month loan in the amount of \$800,000 at 6.75% interest, from the Putnam County Bank.

WHEREAS, permanent financing is anticipated to be provided by a loan from the West Virginia Water Development Authority (WDA) to cover project costs and refinanced debt as described below.

WHEREAS, because of the favorable financing terms available from WDA, the District intends to refinance and include \$1,555,000 of borrowing related to its certificate obtained in Case No. 96-0470-PWD-CN (final order October 22, 1997 granting certificate to upgrade water treatment plant, reinforce transmission system, and extend service to additional customers), with the revised project borrowing in this proceeding, for a total project-related borrowing from WDA of \$6,500,000.

WHEREAS, the District calculates that through the refinancing of its outstanding debt and the debt associated with its much delayed acquisition of Kanawha Orchard Public Service District, approved in Case No. 92-0644-PSWD-PC (final Order November 30, 1992), it will save \$392,000 over the life of the new borrowing.

WHEREAS, combining the refinancing debt with the revised project-related debt will bring the total borrowing from the WDA to \$11,865,000 at an interest rate not to exceed 6.00% over a term of 40 years.

WHEREAS, additional project financing includes a grant in the amount of \$50,000 from the Putnam County Commission and a grant of \$50,000 from the West Virginia Legislature's Budget Digest.

WHEREAS, the increased scope of the revised project and the proposed financing will result in a rate increase of 8% instead of the 5% previously noticed to the public in connection with Phase I. An 8% rate increase will cause an increase in an average residential water bill from \$18.82 per month to \$20.33 per month (assuming average consumption of 4,500 gallons per month). The revised project will result in the following rates for the District's customers:

Schedule 1

Applicability

Applicable to entire territory served.

Availability

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

Rate

	<u>\$\$\$</u>
First 2,000 gallons used per month	Minimum Rate
Next 23,000 gallons used per month	3.23 per 1,000 gallons
Next 975,000 gallons used per month	2.97 per 1,000 gallons
Next 1,000,000 gallons used per month	2.04 per 1,000 gallons

Minimum Rate

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

5/8 Inch or 3/4 inch meter	\$ 12.25 per month
1 Inch meter	\$ 30.62 per month
1-1/4 Inch meter	\$ 44.70 per month
1-1/2 Inch meter	\$ 61.24 per month
2 Inch meter	\$ 97.98 per month
4 Inch meter	\$306.18 per month
6 Inch meter	\$612.36 per month
8 Inch meter	\$979.78 per month

Tap Fee

The charge for installing a meter and making a tap for a service connection is \$250.00.

Reconnection Service Charge

\$ 25.00

Delayed Payment Penalty

The above rates are net. On all current usage billings not paid in full within twenty (20 days) of the billing date, ten percent (10%) penalty may be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

Returned Checks for Insufficient Funds

If a check received is returned by the bank for any reason, the bank's charge to the South Putnam Public Service District shall be the District's charge to the customer for such a bad check, but such charge to the customer shall not exceed \$15.00.

Incremental Cost of Water Purchased and Produced

\$0.37 M Gal. To be used to bill customer leaks beyond historical average usage.

Schedule 1-A

Applicability

Applicable in territory formerly served by Kanawha Orchard Public Service District.

Availability

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

Rate

First	3,000 gallons used per month	\$5.25 per 1,000 gallons
Next	7,000 gallons used per month	\$5.00 per 1,000 gallons
Next	10,000 gallons used per month	\$4.75 per 1,000 gallons

Minimum Charge

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

5/8	Inch or 3/4 inch meter or smaller	\$ 15.75	per month
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1-1/2	Inch meter	\$ 78.75	per month
2	Inch meter	\$126.00	per month
4	Inch meter	\$236.25	per month
6	Inch meter	\$393.75	per month
8	Inch meter	\$787.50	per month

Reconnection Service Charge

If water service is terminated for violation of the rules of Kanawha Orchard Public Service District or the Public Service Commission, nonpayment of bills, fraudulent use of water, or on request of the customer, the reconnection charge shall be \$15.00

Connection Fee

A connection fee will be charged according to the following schedule:

Service Connection Fee-----\$200.00

Schedule 2

Applicability

Applicable in entire territory served.

Availability

Available for private fire protection.

Rate

The monthly rate for private fire protection will be \$28.62 per hydrant to sprinkler connection.

Fire Service Tap Fee

The tap for connection of private fire hydrants or sprinkler connections shall be the actual cost of making said connection.

Reconnection Charge and Delayed Payment Penalty

The connection service charge and delayed payment penalty set forth in Schedule 1 is applicable to Schedule 2.

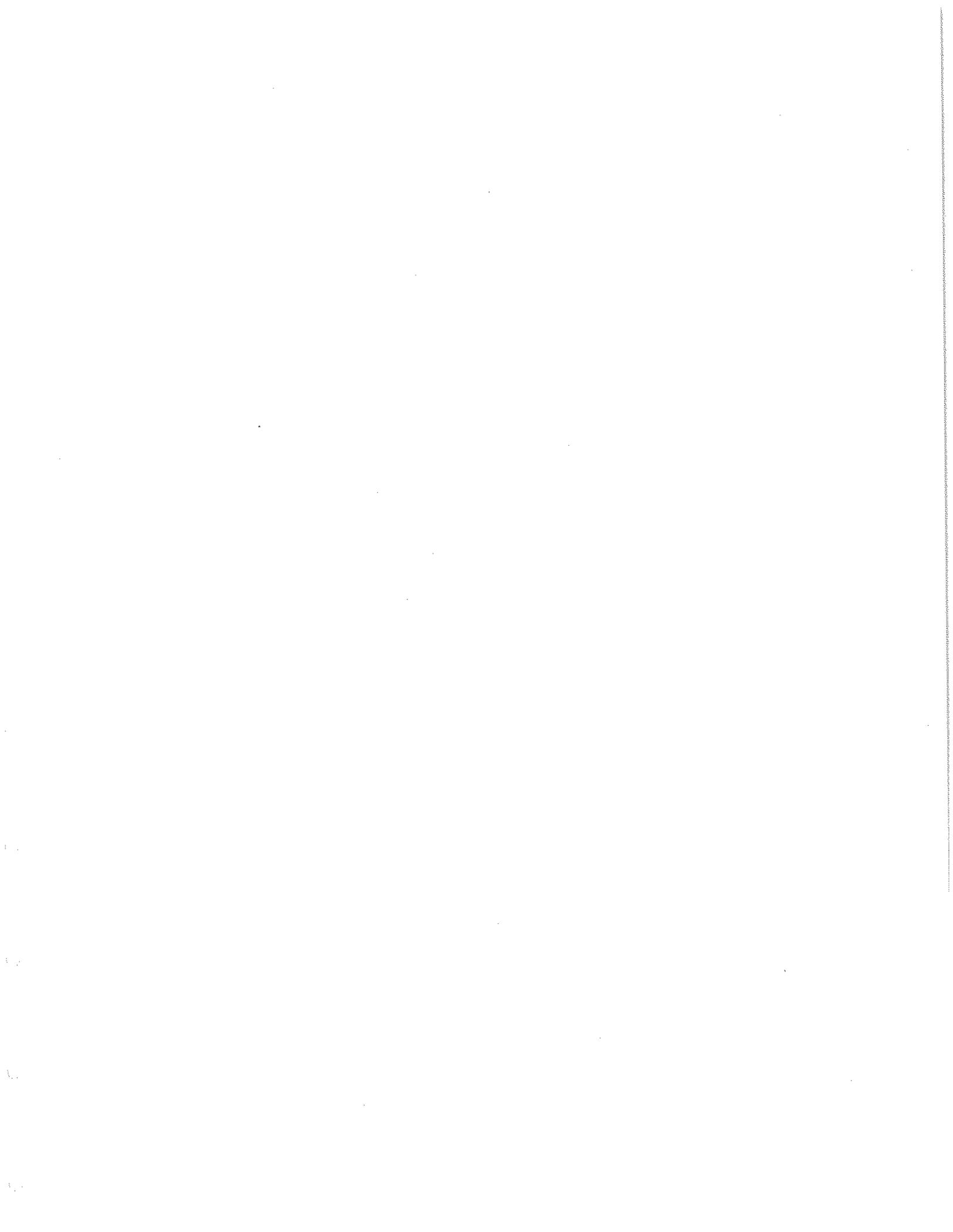
Pursuant to West Virginia Code § 24-2-11, IT IS ORDERED that the South Putnam Public Service District give notice of the revised project by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Putnam County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to make objection to said application must do so in writing, within thirty (30) days after publication of this notice, to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said 30-day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

A True Copy, Teste:



Sandra Squire
Executive Secretary



**SOUTH PUTNAM PUBLIC SERVICE DISTRICT
ORGANIZATIONAL MEETING
26 January 1999**

MINUTES

The Annual Organizational Meeting of the South Putnam Public Service District Board of Commissioners was called to order at 7:00 p.m. by Chairman Carl S. Coffman with Board Members Glen Yeager and Calvin Hatfield present. Also in attendance were Agatha Snyder, Al Summers, Mark Kauffelt, General Manager Fred Stottlemeyer and Executive Assistant Janie Ferguson.

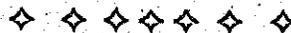
ELECTION OF OFFICERS

Chairman Carl Coffman opened the floor for nominations. Glen Yeager nominated Carl Coffman for Chairman. The motion was seconded by Calvin Hatfield and adopted and passed. Glen Yeager nominated Calvin Hatfield for Treasurer. The motion was seconded by Carl Coffman and adopted and passed. Calvin Hatfield nominated Fred Stottlemeyer for Secretary. The motion was seconded by Glen Yeager and was adopted and passed. Therefore, the officers for the year shall be:

- Carl Coffman - Chairman
- Calvin Hatfield - Treasurer
- Fred Stottlemeyer - Secretary

In further business, a resolution was presented outlining the regular meeting schedule for the Board for the coming year. After review and discussion, motion was made by Glen Yeager and seconded by Calvin Hatfield to adopt the resolution as presented. Motion carried.

Upon motion by Glen Yeager, with second by Calvin Hatfield, the Annual Organizational Meeting was adjourned. Motion carried.



The Regular Meeting of the South Putnam Public Service District Board of Commissioners was called to order at 7:30 p.m. by Chairman Carl S. Coffman with Board Members Glen Yeager and Calvin Hatfield present. Also in attendance were Agatha Snyder, Al Summers, Mark Kauffelt, General Manager Fred Stottlemeyer and Executive Assistant Janie Ferguson.

MINUTES

Minutes from the January 5, 1999 and January 19, 1999 meetings were presented for review.

**SOUTH PUTNAM PSD
REGULAR MEETING
MINUTES**

26 January 1999

Page 2

After discussion motion was made by Glen Yeager to accept the minutes as presented. Calvin Hatfield seconded the motion. Motion carried.

GUESTS

Mrs. Agatha Snyder met with the Board regarding an adjustment on her water/sewer bill. Mr. Stottlemeyer presented data regarding the adjustment to the Board for review. After review and discussion, it was the consensus of the Board to adjust the sewer portion of her bill as allowed under PSC Regulations.

REPORTS

Approval of Requisitions/Payment of Invoices

Calvin Hatfield made a motion to approve and pay routine invoices for the District as presented for approval in Requisition #346 with reapproval of Requisitions #344 and #345. Motion was seconded by Glen Yeager. Motion carried.

Adjustments

A Resolution outlining the following adjustments was presented to the Board:

Name/Address	Water	Sewer	Action
Harold Disbrow 162 Thompson Road	---	\$29.74	Approved
Charity Freewill Baptist Church 411 Wallace Street	---	\$83.77	Approved
Raymond & Laura Collier 4025 Teays Valley Road	---	\$4.31	Approved
Norman & Agatha Snyder 147 Rolling Meadows-Lot 24	\$65.87	\$111.34	Approved Sewer ONLY

After discussion, on motion by Glen Yeager, and second by Calvin Hatfield, the Resolution was adopted and passed.

General Manager's Report

Fred Stottlemeyer updated the Board on the operations of the district noting that a new transformer has been installed at the plant allowing for the new high lift pumps, the turbidity of the water being treated was 1/14 of the federal allowable standard, 80 million gallons of water had been pumped to the Larck Reservoir, and the leak in the Kanawha River crossing from Bancroft to Shawnee Estates has been repaired. The leak had been estimated at 18 gpm for which an adjustment is being sought from WV-American. Mr. Stottlemeyer noted the delay in receiving information from WV-American with regard to customers who are on the District's sewer system. The data is not available to the District until 2 weeks after meters

**SOUTH PUTNAM PSD
REGULAR MEETING
MINUTES**

26 January 1999

Page 3

have been read.

OLD BUSINESS

Construction Activities

Water Treatment Plant/Tank Construction

Fred Stottlemeyer reported to the Board that the construction within the plant was going well with completion of the interior piping and painting ongoing.

Church Camp Road Extension

It was reported by Fred Stottlemeyer that construction of the water extension on Church Camp Road to the YMCA Camp was complete. The line is being sanitized and will be put into service upon receipt of Department of Health certification.

Utility Relocation Project

Mr. Stottlemeyer reported that one phase of the project is complete. Partial Invoice No. 7 was presented for approval. The invoice covered preliminary engineering, construction, and construction engineering and inspection. After review, motion was made by Glen Yeager and seconded by Calvin Hatfield to approve the invoice as presented. Motion carried. It was noted that advertisement for bids on the next section of the relocation will be within the next few weeks. At this time no plans are available for the remainder of the project.

PROJECT DEVELOPMENT

1998 Water System Upgrade ~ Transmission System Phase (WDA)

It is anticipated that a loan closing for the sale of bonds for the project financing will be in April or May, somewhat later than planned due to the intervention

Hurricane Creek Project - Peach Ridge Phase I

Mr. Stottlemeyer reported that a hearing before the PSC had been scheduled for Friday, January 29 at 9:30 a.m. to work toward a resolution in the matter of the Putnam County Commission/West Virginia-American Water Company intervention. Charlotte Lane of the PSC had indicated to Senator Craigo that a decision on the project would be held until a resolution could be reached.

Hurricane Creek Project - Hurricane Creek Phase II

Mr. Stottlemeyer noted that this phase of the project was pending due to the Putnam County Commission/West Virginia-American Water Company intervention in Phase I. [See above]

Sewer Upgrade Project

A detailed map and summary were presented by Fred Stottlemeyer illustrating the project area.

Summers Water/Sewer Relocation

Fred Stottlemeyer reported that a resolution in the possible water/sewer relocation on the Summer's property was ongoing.

**SOUTH PUTNAM PSD
REGULAR MEETING
MINUTES**

26 January 1999

Page 4

NEW BUSINESS

Route 35 Expressway

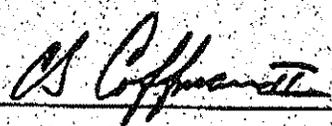
In light of the announcement of the location of the US35 Expressway, the General Manager noted that the District would be faced with a utility location project in the future.

OTHER BUSINESS

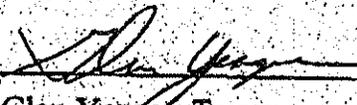
There was no other business.

ADJOURNMENT

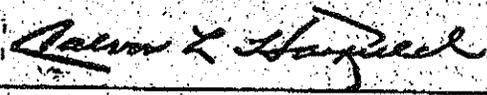
There being no further business, motion was made by Carl Coffman and seconded by Calvin Hatfield to adjourn at 8:56 p.m. Motion carried.



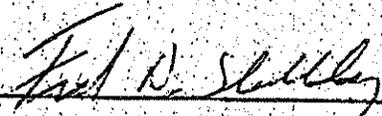
Carl S. Coffman, II, Chairman



Glen Yeager, Treasurer



Calvin L. Hatfield, II, Member



Fred Stottlemyer, Secretary



SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1999 A and Series 1999 B
(West Virginia Water Development Authority)

MINUTES ON ADOPTION OF BOND
RESOLUTION AND SUPPLEMENTAL RESOLUTION

I, FRED D. STOTTLEMYER, SECRETARY of the Public Service Board of South Putnam Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

The Public Service Board of South Putnam Public Service District met in special session, pursuant to notice duly posted, on the 15th day of June, 1999, in Scott Depot, West Virginia, at the hour of 7:00 p.m.

PRESENT:	Carl Coffman, II	-	Chairman and Member
	Calvin Hatfield	-	Treasurer and Member
	Fred D. Stottlemyer	-	Secretary
ABSENT:	Glenn Yeager		

Carl Coffman, II, Chairman presided, and Fred D. Stottlemyer acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was now open for any business properly before it. Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE OUTSTANDING WATER REVENUE BONDS OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$6,440,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), AND NOT MORE THAN \$5,425,000 IN AGGREGATE PRINCIPAL

AMOUNT OF WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING LOAN AGREEMENTS RELATING TO THE SERIES 1999 A BONDS AND SERIES 1999 B BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Thereupon, the Chairman presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND SERIES 1999 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF SOUTH PUTNAM PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING LOAN AGREEMENTS RELATING TO THE SERIES 1999 A BONDS AND THE SERIES 1999 B BONDS; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 1999 A BONDS AND THE SERIES 1999 B BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

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



Chairman

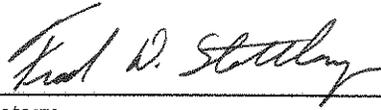


Secretary

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of a special meeting of said Public Service Board held June 15, 1999, and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 16th day of June, 1999.



Secretary

06/14/99
847280/98003

STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SEVENTH FLOOR

P. O. BOX 1588

CHARLESTON, W. VA. 25326-1588

(304) 353-8000

FACSIMILE (304) 353-8180

August 6, 1999

South Putnam Public Service District
Water Revenue Bonds, Series 1999 A
(West Virginia Water Development Authority)

BANK ONE CENTER, SIXTH FLOOR
P. O. BOX 2190
CLARKSBURG, W. VA. 26302-2190
(304) 624-8000
FACSIMILE (304) 624-8183

1000 HAMPTON CENTER
P. O. BOX 1616
MORGANTOWN, W. VA. 26507-1616
(304) 598-8000
FACSIMILE (304) 598-8116

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 283-8991
FACSIMILE (304) 282-3541

RILEY BUILDING, FOURTH FLOOR
14TH AND CHAPLINE STREETS
P. O. BOX 150
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK
200 STAR AVENUE, SUITE 220
P. O. BOX 628
PARKERSBURG, W. VA. 26102-0628
(304) 422-6463
FACSIMILE (304) 422-6462

ALAN B. MOLLOHAN INNOVATION CENTER
1000 TECHNOLOGY DRIVE
P. O. BOX 2210
FAIRMONT, W. VA. 26554-8824
(304) 368-8000
FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Ogden, UT 84201

Ladies and Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to South Putnam Public Service District, Water Revenue Bonds, Series 1999 A. Please file the original forms in the appropriate Internal Revenue Service records and return the copies marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope. Thank you for your attention to this matter.

Very truly yours,



John C. Stump

JCS/csc
Enclosures

847280/98003

CH324688.1

STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SEVENTH FLOOR

P. O. BOX 1588

CHARLESTON, W. VA. 25326-1588

(304) 353-8000

FACSIMILE (304) 353-8180

August 6, 1999

South Putnam Public Service District
Water Revenue Bonds, Series 1999 B
(West Virginia Water Development Authority)

BANK ONE CENTER, SIXTH FLOOR
P. O. BOX 2190
CLARESBURG, W. VA. 26032-2190
(304) 624-8000
FACSIMILE (304) 624-8183

1000 HAMPTON CENTER
P. O. BOX 1616
MORGANTOWN, W. VA. 26507-1616
(304) 598-8000
FACSIMILE (304) 598-8116

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 263-8991
FACSIMILE (304) 262-3541

RILEY BUILDING, FOURTH FLOOR
14TH AND CHAPLINE STREETS
P. O. BOX 150
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK
200 STAR AVENUE, SUITE 220
P. O. BOX 628
PARKERSBURG, W. VA. 26102-0628
(304) 422-6483
FACSIMILE (304) 422-6482

ALAN B. MOLLOHAN INNOVATION CENTER
1000 TECHNOLOGY DRIVE
P. O. BOX 2210
FAIRMONT, W. VA. 26554-8824
(304) 388-8000
FACSIMILE (304) 388-8413

WRITER'S DIRECT DIAL NUMBER

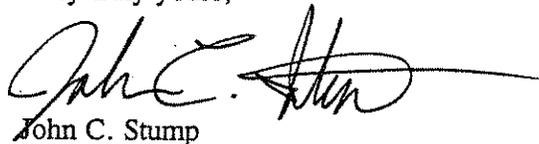
CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Ogden, UT 84201

Ladies and Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to South Putnam Public Service District, Water Revenue Bonds, Series 1999 B. Please file the original forms in the appropriate Internal Revenue Service records and return the copies marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope. Thank you for your attention to this matter.

Very truly yours,



John C. Stump

JCS/csc
Enclosures

847280/98003

CH332447.1

(Rev. May 1995)

Department of the Treasury Internal Revenue Service

(Note: Use Form 8038-GC if the issue price is under \$100,000.)

Part I Reporting Authority. Includes fields for Issuer's name (South Putnam Public Service District), Issuer's employer identification number (55-0463396), Report number (G1999-2), Date of issue (June 21, 1999), and Name of issue (Water Revenue Bonds, Series 1999 B).

Part II Type of Issue (check applicable box(es) and enter the issue price). Includes checkboxes for Education, Health and hospital, Transportation, Public safety, Environment, Housing, Utilities (checked), and Other. Issue price entered as 5,425,000.

Part III Description of Obligations. Table with columns: (a) Maturity date, (b) Interest rate, (c) Issue price, (d) Stated redemption price at maturity, (e) Weighted average maturity, (f) Yield, (g) Net interest cost. Rows include Final maturity and Entire issue.

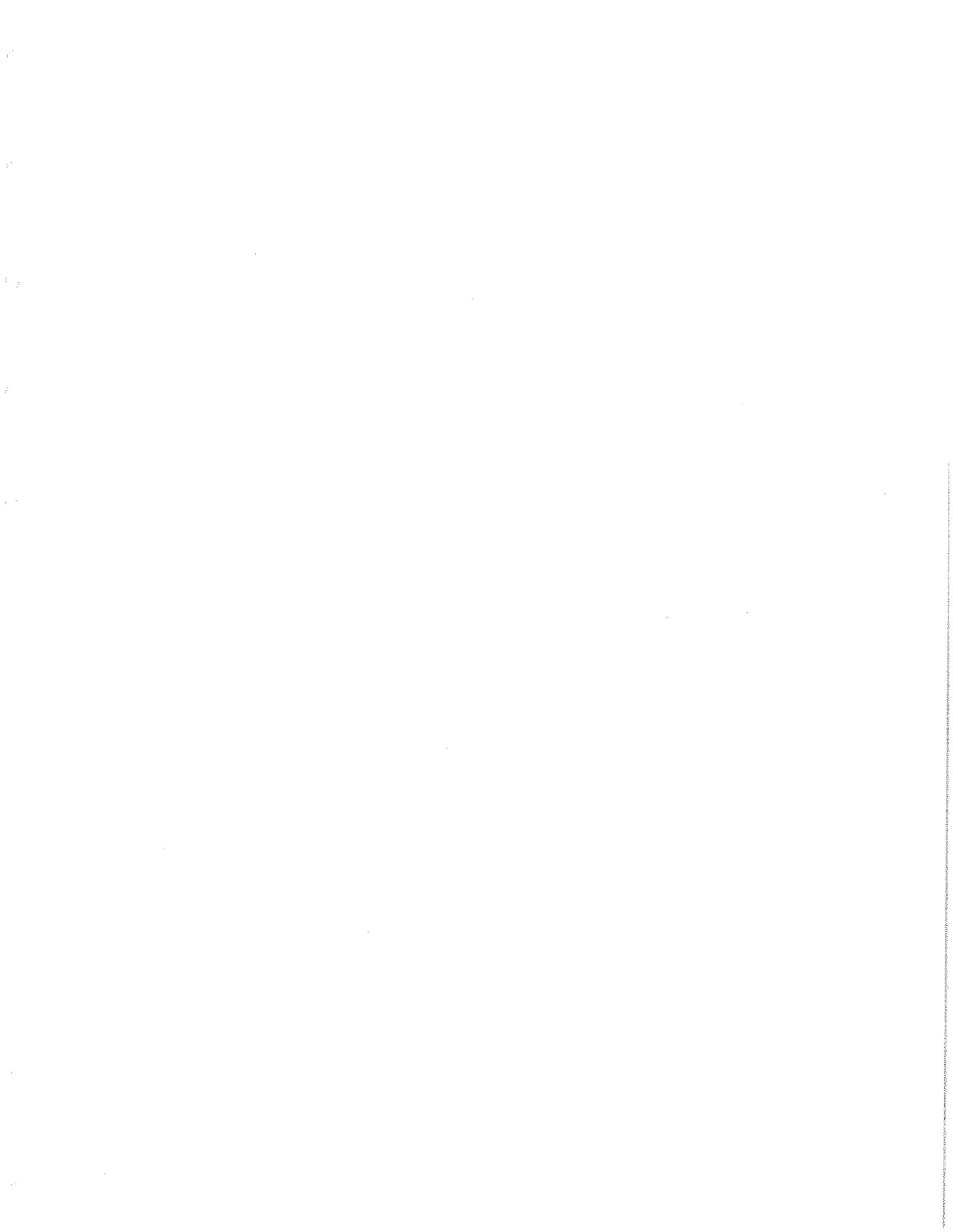
Part IV Uses of Proceeds of Bond Issue (including underwriters' discount). Table with columns for line number and amount. Rows include Proceeds used for accrued interest, Issue price of entire issue, Proceeds used for bond issuance costs, etc.

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.). Includes fields for remaining weighted average maturity, date of issue, and date(s) the refunded bonds were issued.

Part VI Miscellaneous. Includes fields for state volume cap, amount of bonds designated by issuer, amount of gross proceeds invested, and pooled financings.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Please Sign Here. Signature of Carl S. Coffman, II, Chairman, dated June 21, 1999.



WV MUNICIPAL BOND COMMISSION
812 Quarrier Street
Suite 300
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: June 16, 1999

(See Reverse for Instructions)

ISSUE: South Putnam Public Service District Water Revenue Bonds,
Series 1999 A (West Virginia Water Development Authority)

ADDRESS: Post Office Box 147, Scott Depot, WV 25560

COUNTY: Putnam

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: June 16, 1999

CLOSING DATE: June 16, 1999

ISSUE AMOUNT: \$6,440,000

RATE: 5.8%

1ST DEBT SERVICE DUE: 10/1/1999

1ST PRINCIPAL DUE: 10/1/2000

1ST DEBT SERVICE AMOUNT: \$108,943.33

PAYING AGENT: Municipal Bond Commission

BOND

COUNSEL: Septoe & Johnson

Contact Person: Vincent A. Collins, Esq.
Phone: 624-8161

UNDERWRITERS

COUNSEL: Jackson & Kelly

Contact Person: Samme L. Gee, Esq.
Phone: 340-1318

CLOSING BANK: Putnam County Bank

Contact Person: Jack Wilson, President
Phone: 562-9931

ESCROW TRUSTEE: _____

Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Fred D. Stottlemeyer
Position: General Manager
Phone: 757-6551

OTHER: Water Development Authority

Contact Person: Daniel B. Yonkosky
Function: Executive Director
Phone: 558-3612

DEPOSITS TO MBC AT CLOSE:

By: _____ Wire
✓ Check

Accrued Interest: \$ _____
✓ Capitalized Interest: \$450,000
✓ Reserve Account: \$390,605.60
Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: _____ Wire
_____ Check
_____ IGT

To Escrow Trustee: \$ _____
To Issuer: \$ _____
To Cons. Invest. Fund: \$ _____
To Other: \$ _____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____

TRANSFERS REQUIRED: _____

WV MUNICIPAL BOND COMMISSION
812 Quarrier Street
Suite 300
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: June 16, 1999

(See Reverse for Instructions)

ISSUE: South Putnam Public Service District Water Revenue Bonds,
Series 1999 B (West Virginia Water Development Authority)

ADDRESS: Post Office Box 147, Scott Depot, WV 25560

COUNTY: Putnam

PURPOSE OF ISSUE: New Money: _____
Refunding: X

REFUNDS ISSUE(S) DATED: See Resolution

ISSUE DATE: June 16, 1999

CLOSING DATE: June 16, 1999

ISSUE AMOUNT: \$5,425,000

RATE: Composite

1ST DEBT SERVICE DUE: 10/1/1999

1ST PRINCIPAL DUE: 10/1/2000

1ST DEBT SERVICE AMOUNT: \$102,129.86

PAYING AGENT: Municipal Bond Commission

BOND

COUNSEL: Steptoe & Johnson

Contact Person: Vincent A. Collins, Esq.

Phone: 624-8161

UNDERWRITERS

COUNSEL: Jackson & Kelly

Contact Person: Samme L. Gee, Esq.

Phone: 340-1318

CLOSING BANK: Putnam County Bank

Contact Person: Jack Wilson, President

Phone: 562-9931

ESCROW TRUSTEE: _____

Contact Person: _____

Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Fred D. Stottlemeyer

Position: General Manager

Phone: 757-6551

OTHER: Water Development Authority

Contact Person: Daniel B. Yonkosky

Function: Executive Director

Phone: 558-3612

DEPOSITS TO MBC AT CLOSE:

By: _____ Wire _____
✓ Check

Accrued Interest: \$ _____

Capitalized Interest: \$ _____

✓ Reserve Account: \$356,614.84

Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: _____ Wire _____
_____ Check _____
_____ IGT _____

To Escrow Trustee: \$ _____

To Issuer: \$ _____

To Cons. Invest. Fund: \$ _____

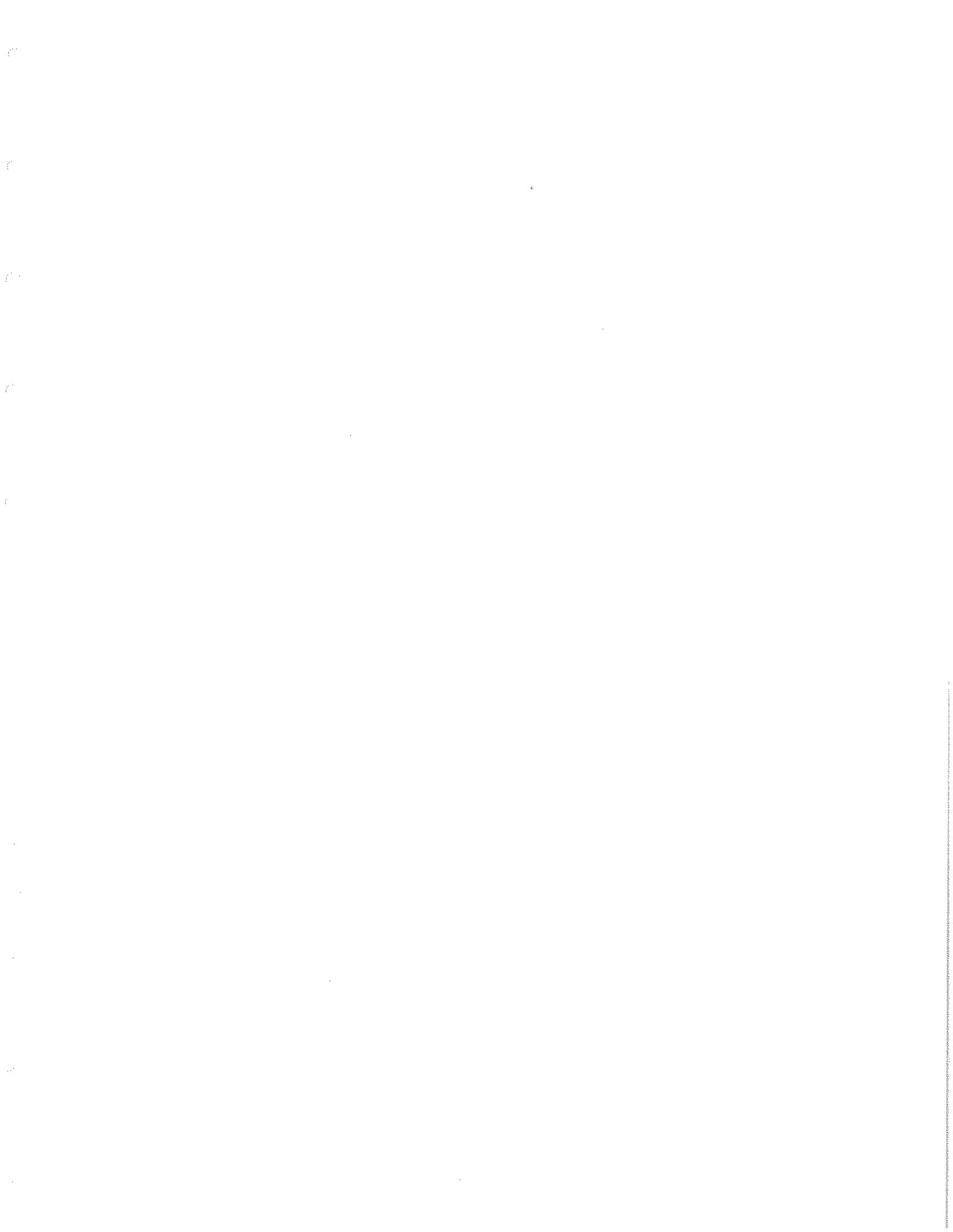
To Other: \$ _____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____

TRANSFERS REQUIRED: _____



SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1998 A and Series 1998 B
(West Virginia Water Development Authority)

RECEIPT OF UNITED STATES DEPARTMENT OF AGRICULTURE,
RURAL UTILITIES SERVICE

The undersigned, duly authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of itself and the United States of America, as holder of the following Water Revenue Bonds of South Putnam Public Service District (the "Issuer"); (i) Water Revenue Bonds, Series 1978, dated December 18, 1978, issued in the original aggregate principal amount of \$460,000; (ii) Water Revenue Bonds, Series 1989 A, dated June 27, 1989, issued in the original aggregate principal amount of \$880,000; (iii) Water Revenue Bonds, Series 1989 B, dated June 27, 1989, issued in the original aggregate principal amount of \$54,475.03; (iv) Water Revenue Bonds, Series 1990 A, dated October 23, 1990, issued in the original aggregate principal amount of \$1,750,000; (v) Water Revenue Bonds, Series 1990 B, dated October 23, 1990, issued in the original aggregate principal amount of \$250,000; and (vi) Water Revenue Bonds, Series 1998 A, dated April 14, 1998, issued in the original aggregate principal amount of \$1,791,116.00, (collectively, the "Prior Bonds"), hereby acknowledges receipt of the sum of \$4,901,095.23 from the Issuer, as payment in full of the outstanding principal of, and interest on, the Prior Bonds.

WITNESS my signature on this 16th day of June, 1999.

UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL UTILITIES SERVICE

Jessie A. Miller

Its Duly Authorized Representative

06/14/99
847280/98003

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT is made and entered into as of the 17th day of December, 1992, by and between SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public corporation ("Purchaser"), and KANAWHA ORCHARD PUBLIC SERVICE DISTRICT ("Seller").

R E C I T A L S

WHEREAS, Seller owns and operates water distribution and related utility properties (hereinafter "System"), located in the Scott District area of Putnam County, West Virginia; and,

WHEREAS, Purchaser is a public service district, created and authorized to transact business in accordance with the laws of the State of West Virginia, and is engaged in providing water and sewer services to residences and businesses in the southern portion of Putnam County, West Virginia, pursuant to authority granted by the Public Service Commission of the State of West Virginia; and

WHEREAS, Seller desires to sell, and Purchaser desires to purchase, all of the utility assets of the Seller upon the terms and conditions stated in this Agreement;

NOW, THEREFORE, subject to the terms and conditions of this Agreement, the parties hereto agree as follows:

ARTICLE I

PURCHASE AND SALE

1.01 **Properties and Assets to be Sold and Purchased.** Seller agrees to sell and deliver to Purchaser and Purchaser agrees to purchase from Seller the following utility assets and properties of Seller:

A. **Tangible Property.** All tangible property, real and personal, comprising the assets owned by the Seller and operated as the System by Seller, including, but without limitation:

- (i) all of the water utility distribution system;
- (ii) all real estate, buildings, plant facilities and other structures used in connection with the operation of the Seller.

B. **Related Contractual Rights.** To the extent assignable, and subject to the terms of Section 1.03 hereof, all right, title and interest of the Seller in, to and under all contracts and agreements relating exclusively to the operation of the Seller's

System including all agreements with contractors, service agreements, equipment leases, and all other leases, contracts, agreements, sales orders, and purchase orders.

C. Government Licenses, Permits and Approvals. To the extent assignable, and subject to the terms of Section 1.03 hereof, all governmental licenses, franchises, permits, approvals, and certificates of public convenience and necessity issued to or used by Seller exclusively in the operations of the System, including all renewals, extensions, additions, amendments, modifications and replacements thereof.

D. Other Assets.

(i) All of the parts, supplies, inventories, fixtures, furniture and other tangible personal property of every kind and nature whatsoever owned by Seller and used exclusively in the operations of the Seller's System;

(ii) All paid expenses and deferred charges, relating exclusively to the operations of the Seller's System;

(iii) All revenues accrued but unbilled at the Effective Date;

(iv) All right, title and interest in, to, and under notes, customer accounts receivable, and other receivables of Seller arising exclusively from the operation of the System;

(v) All books and records relating exclusively to the operations of the System, including, but not limited to, all books of account, journals and ledgers, files, correspondence, memoranda, maps, plats, customer lists, supplier lists, promotional materials, building and machinery diagrams, plans, continuing property records, customer deposit list, customer account histories, leak survey records, meter inventory and test records and all other records maintained pursuant to requirements of the Public Service Commission. Seller retains the right to keep copies of all books and records transferred under this Section 1.01.D(v);

(vi) All right, title and interest of the Seller in and to all debts, choses in action, claims and causes of action (whether or not contingent), all goodwill, trade secrets, technology, processes, designs, patterns, privileges and memberships and all other intangible personal property of like kind and character relating exclusively to the business of the

Seller, whether evidenced in writing or not and whether identified on the books and records of the Seller or not.

All the properties, assets, rights and interests described in this Section 1.01 are sometimes collectively referred to herein as the "Purchase Assets" and shall be more particularly described in the Assets List referred to in Section 4.18.A hereof.

1.02 Excluded Assets. Anything contained in this Agreement to the contrary notwithstanding, the following rights, properties and assets (collectively referred to herein as the "Excluded Assets") shall not be included in the Purchase Assets.

A. Certain Excluded Assets. All cash and prepaid expenses not exclusively related to the operations of the System.

B. Ordinary Course of Business Dispositions. All of the rights, properties and assets of the Seller which shall have been transferred, sold or otherwise disposed of prior to the Closing Date in transactions conducted in the ordinary course of business or otherwise not in breach of this Agreement.

C. Properties Owned By Third Parties. Subject to the provisions of 1.01.B., all assets, properties and rights relating

to or used in connection with any of the Purchase Assets owned by third parties.

D. Unrelated Assets. Assets, properties, rights and interests which are not used or useful or intended for use in, the operations of the System, including but not limited to all patents, trade secrets, technology, processes, inventions, designs, and patterns owned by Seller.

E. Tax Refunds. All claims for refunds of any taxes (whether state, federal, foreign, local or other) applicable to all periods prior to the Effective Date.

F. Tradenames, Trade Marks. All rights to the tradename "Kanawha Orchard Public Service District" and any reasonable variance thereof and any trade marks, service marks or logos associated therewith.

1.03 Nonassignable Permits, Licenses, Leases and Contracts.

To the extent that any lease, contract, permit, approval or any other property interest constituting a part of the Purchase Assets is not capable of being assigned, transferred or subleased or if such assignment, transfer or sublease or attempted assignment, transfer or sublease would constitute a breach

thereof or a violation of any law, decree, order, regulation or other governmental edict, this Agreement shall not constitute an assignment, transfer or sublease thereof, or an attempted assignment, transfer or sublease thereof. A schedule of all such leases, contracts, permits, approvals or any other property interest has been delivered in accordance with Section 4.18.D. hereof.

1.04 Seller to Use Reasonable Efforts. Seller will exercise reasonable efforts, and Purchaser will cooperate with Seller, to obtain any consents and waivers required of third parties and to resolve any impracticalities arising in connection with the assignments, transfers and subleases of the Purchase Assets as contemplated hereunder and to obtain any other material consents and waivers necessary to convey to Purchaser any of the Purchase Assets.

ARTICLE II

ASSUMPTION OF LIABILITIES

2.01 Assumed Obligations. Except as otherwise provided in this Article II, Purchaser, its successors and permitted assigns,

shall assume on the Closing Date effective from and after the Effective Date, and thereafter will promptly and fully pay and satisfy the following liabilities, obligations, contracts and commitments of Seller arising exclusively from the operation of the System or the ownership of the Purchase Assets (all such assumed obligations are referred to herein as the "Operational Obligations"):

A. All liabilities and obligations arising with respect to customer deposits in the possession or control of Seller.

B. All other liabilities, obligations, contracts or commitments of Seller arising from the operation of the System or the ownership of the Purchase Assets, which are listed on the Schedule of Operational Obligations to be delivered in accordance with Section 4.18.C., and no others.

C. In addition to Operational Obligations existing as of the Effective Date, Purchaser shall assume on the Closing Date, effective as of the Effective Date, all liabilities and obligations arising from and after the Effective Date from the operation of the System or the use, ownership or possession of the Purchase Assets.

2.02 Excluded Obligations. Purchaser, its successors and permitted assigns shall not assume the following specific liabilities and obligations of Seller (the "Excluded Obligations"):

A. Any liabilities and obligations for personal injury or property damage occurring prior to the Effective Date;

B. Any accumulated deferred investment tax credits or accumulated deferred income tax liabilities of Seller;

C. Any liabilities and obligations (other than those assumed under Section 2.01A, Section 2.01B and Section 2.01C above), including any pending or contingent liabilities or obligations, to employees of Seller, incurred prior to the Effective Date;

D. Any accounts payable of Seller to any affiliated corporation as of the Effective Date; and

E. Any liabilities arising from all litigation and claims resulting from any act or omission by Seller relating to the operation of the System or the ownership of the Purchase Assets prior to the Effective Date.

2.03 Indemnification. Purchaser hereby agrees that it will pay and fully discharge the Operational Obligations including all

reasonable costs and expenses incurred in connection therewith and shall indemnify and hold Seller harmless from and against all Operational Obligations. Seller hereby agrees that it will pay and fully discharge the Excluded Obligations described above including all reasonable costs and expenses incurred in connection therewith and shall indemnify and hold Purchaser harmless from and against all Excluded Obligations.

2.04 Recovery of Excluded Obligations. Subject to the last sentence of Section 2.03 above, Purchaser shall cooperate reasonably with Seller, at Seller's expense, by filing and pursuing on Seller's behalf any and all appropriate proceedings to recover, and shall pay to Seller upon any such recovery resulting therefrom, any Excluded Obligations which Seller reasonably determines it would have sought to recover through such proceedings had Seller continued to own the Purchase Assets.

ARTICLE III

PURCHASE PRICE

3.01 Purchase Price.

A. Computation of Purchase Price. Purchaser shall pay Seller One Dollar (\$1.00), and assume the Seller's outstanding indebtedness to the Farmers Home Administration ("FmHA") for

those properties and assets referred to in Article I hereof. At the time of the execution of this Agreement on December 17, 1992, the amount owed to the FmHA is Five Hundred Seventy-Three Thousand Sixteen Dollars and Sixty-Three Cents (\$573,016.63).¹

B. Payment of Purchase Price. At Closing, the Purchaser shall deliver to Seller the Purchase Price and shall execute all necessary documents to effectuate the assumption of the outstanding debt to FmHA.

C. Closing. The closing shall take place within thirty (30) days of receipt of a final non-appealable order of the Public Service Commission of West Virginia approving such purchase and sale, such time and date being referred to herein as the "Effective Date" for purposes of the determination of the Purchase Price and, unless this Agreement is terminated pursuant to Article XII hereof, all transactions effected after the Effective Date will be for the account of the Purchaser.

¹	Bond #1:	Principal Owed as of 12/17/92	=	\$ 52,038.50
		Unpaid Interest as of 12/17/92	=	128.32
	Bond #2:	Principal Owed as of 12/17/92	=	\$518,515.84
		Unpaid Interest as of 12/17/92	=	2,333.97

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE SELLER

Seller represents and warrants to Purchaser that:

4.01 **Status**. Seller is a public corporation, duly organized, validly existing and in good standing under the laws of the State of West Virginia, with full power and authority to own its properties and assets and conduct its business, and is qualified and in good standing as a public service district in West Virginia.

4.02 **Financial Statements Previously Delivered**. Seller has furnished Purchaser with copies of the Annual Reports of the System as of June 30, 1992, respectively filed with the Public Service Commission of West Virginia ("PSC"), together with related statements of earnings for the years then ended. Such Annual Reports have been prepared substantially in accordance with the PSC's Uniform System of Accounts.

4.03 **Financial Statements and Reports To Be Delivered**. Until the Closing Date, Seller shall promptly furnish to Purchaser unaudited balance sheets of the operations of the

System, as of the end of each quarter in the fiscal year of Seller ending on or prior to the Closing Date, together with related statements of earnings for each quarter then ended. Each of said financial statements will be prepared directly from the books and records of Seller on a basis consistent with prior periods, and will fairly reflect the balances from such books and records as of the date thereof or, as the case may be, the results of the operations for the period covered thereby, except as otherwise provided therein.

4.04 Authority. Subject to regulatory authorizations and approvals and the provisions of Section 1.03, Seller has the full right, power and authority to enter into and perform this Agreement, and the consummation of the transactions contemplated by this Agreement in accordance with its terms, and compliances with the terms and conditions hereof and the closing of the transactions contemplated hereby will not violate or conflict with any provision of law or result in the breach or termination of any provision of, or constitute a default under any indenture, agreement or other instrument to which Seller is a party or by which any of its properties and assets may be bound.

4.05 Corporate Authorization. Seller has taken all necessary legal and corporate actions to authorize and approve the execution, delivery and performance of this Agreement and all transactions contemplated hereby. The execution and delivery of this Agreement, and the performance of the transactions provided for herein have been duly authorized and approved by the board of the Seller and other requisite corporate action on the part of Seller.

4.06 Material Change. Except as disclosed in a certificate executed by a duly authorized officer of Seller delivered to Purchaser concurrently with the execution of this Agreement ("Seller's Disclosure Schedule"), since June 30, 1992:

A. There has been no material adverse changes in the business, operations, assets or financial condition of the System, nor any damage, destruction or loss materially adversely affecting the System;

B. Except for those actions taken in compliance with this Agreement, the business of the Seller has been conducted in substantially the same manner in which it had been previously conducted;

C. The Purchase Assets have not been mortgaged, pledged or subjected to any lien or security interest, except as disclosed in the Seller's Disclosure Schedule;

D. Except as disclosed in the Seller's Disclosure Schedule or otherwise disclosed in writing to Purchaser, no material liability, contractual or otherwise, has been incurred (whether absolute, accrued, contingent or otherwise) by the Seller in connection with the operation of the System.

4.07 Title To Property.

A. **Nature of Title.** The Seller's Disclosure Schedule sets forth all liens, easements or encumbrances of any kind relating to the Purchase Assets. At Closing, the Seller will transfer to Purchaser title to the Purchase Assets free and clear of any mortgage, pledge, lien, security interest, conditional sale agreement, encumbrance, suit, proceeding or charge of any kind, except for the matters set forth in the Seller's Disclosure Schedule and any exception as may exist in the titles acquired by the Seller.

B. **Further Warranties as to Title to Real Property.** As to Purchase Assets constituting interests in real property, Seller

warrants except for the matters set forth in the Seller's Disclosure Schedule:

(i) That it is not aware of any pending or threatened action or proceeding which challenges or calls into question Seller's right to install, possess and maintain any existing distribution line or any easement, right of way or permit required for such installation, possession and maintenance.

C. Conveyance Documents. Seller agrees:

(i) That all real properties, except leasehold estates and easements, comprising part of the Purchase Assets, shall be conveyed by Seller to Purchaser by general warranty deed, substantially in the form of the deed attached hereto as Exhibit A;

(ii) That all of Seller's interests in easements for distribution facilities used in the System shall be conveyed and assigned by Seller to Purchaser by a deed and assignment or deeds and assignments substantially in the form of the deed and assignment attached hereto as Exhibit B;

(iii) That all of Seller's interest as lessee in leasehold estates comprising part of the Purchase Assets shall be

conveyed and assigned by Seller to Purchaser by deed and assignment or deeds and assignments substantially in the form of the deed and assignment attached hereto as Exhibit C;

(iv) That all of Seller's interest as lessor in leases of properties comprising part of the Purchase Assets shall be assigned by Seller to Purchaser by assignment of lease or assignments of leases substantially in the form of the assignment of lease attached hereto as Exhibit D;

(v) That all tangible personal property comprising part of the Purchase Assets shall be transferred by Seller to Purchaser by bill of sale or bills of sale substantially in the form of the bill of sale attached hereto as Exhibit E and by transfer of any certificate of title relating thereto;

(vi) That all intangible personal property comprising part of the Purchase Assets shall be transferred by Seller to Purchaser by assignment or assignments substantially in the form of the assignment agreement attached hereto as Exhibit F; and,

Purchaser and Seller further agree that Purchaser shall pay all costs and expenses incurred for (i) any examination of title to the properties comprising the Purchase Assets (including any

title insurance); (ii) any surveys of the real property comprising part of the Purchase Assets; and (iii) all fees and taxes for the recordation of deeds, assignments, bills of sale or other documents conveying or transferring title to any of the Purchase Assets.

4.08 Franchises and Certificates of Public Convenience and Necessity. Except as disclosed in the Seller's Disclosure Schedule, Seller has all certificates, franchises, licenses and other authorities as are now necessary for the conduct of the business of the System as now conducted, and there are no proceedings pending or, to the knowledge of Seller, threatened that seek the revocation, cancellation, suspension or any material adverse modification of any thereof.

4.09 Litigation. Except as disclosed in the Seller's Disclosure Schedule:

There are no actions, suits, proceedings or administrative investigations pending or, to the knowledge of Seller, threatened, against Seller the outcome of which would materially and adversely affect the Purchase Assets of the Seller, including any actions, suits, proceedings or administrative investigations

in connection with the conduct of the System under any federal, state or local law relating to air or water pollution or other environmental protection matters or to occupational, safety or health matters.

4.10 Burdensome Provisions. Except as disclosed in the Seller's Disclosure Schedule, Seller is not a party to any agreement or instrument or subject to any charter or other corporation restriction or any governmental restrictions, rules or regulations which materially and adversely affect the business operations and assets of the System.

4.11 Compliance with Other Instruments. Except as disclosed in the Seller's Disclosure Schedule, Seller is not in default in the performance, observance or fulfillment of any of the material obligations, covenants or conditions contained in any contract, commitment, bond, debenture, note or other evidence of indebtedness which would materially and adversely affect the business operations or Purchase Assets of the System.

4.12 Insurance. The Seller's Disclosure Schedule contains a list of the insurance policies presently in effect with respect to the assets and business operations of the System. Seller will

keep the coverage afforded by such policies in full force and effect through the Closing Date.

4.13 Taxes. Except for ad valorem and similar taxes, any tax, license, franchise or registration fee, or other governmental charge of any nature, due and payable upon or with respect to the Purchase Assets or the business operations of the System prior to the Closing Date has been or will be paid by Seller.

4.14 Tax Returns. Seller has duly prepared and filed (or will so prepare and file) any and all tax returns and reports required by federal, state and local tax authorities, for Seller's activities with respect to the Purchase Assets or the business operations of the System covering periods of Seller's ownership of the Purchase Assets up to and through the Effective Date.

4.15 Compliance With Laws.

A. Except for matters disclosed in the Seller's Disclosure Schedule, the operations of the System, as presently conducted, are in substantial compliance in all material respects with applicable laws, orders, rules, regulations and ordinances of all

federal, state and local governmental, administrative and judicial authorities and agencies ("Legal Requirements").

B. Except for matters disclosed in the Seller's Disclosure Schedule, Seller has not received any written notice of any claim that the operations conducted in connection with the System presently violate in any material respect any applicable zoning or other governmental requirements (including, but without limitation, regulations establishing quality criteria or standards for air, water, land, waste and noise) relating to the conduct of such operations of the plant, equipment and other tangible property used in connection therewith.

4.16 Condition of Property. To the Seller's knowledge, all material items of personal property and fixtures constituting a part of the Purchase Assets used in the normal operations of the System have been maintained in all material respects in a state of repair (normal wear and tear expected) which the Seller believes to be adequate for the normal use of such items in the ordinary conduct of the business of the System.

4.17 Fees. Seller has not incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees

in connection with the sale of the Purchase Assets provided for herein.

4.18 Documents To Be Delivered. Upon the execution of this Agreement, Seller will furnish to Purchaser:

A. A list more specifically describing the Purchase Assets (the "List of Purchase Assets"), together with a map generally indicating the location of the water distribution lines and easements.

B. A list specifically describing any assets of Seller used by it exclusively in the operation of the System and which are not a part of the Purchase Assets;

C. A schedule (including the best estimate of the dollar amounts) of the Operational Obligations as defined in Section 2.01;

D. A schedule of all leases, contracts, permits, approvals or any other property interest constituting a part of the Purchase Assets which Seller has determined, as of Effective Date, are not or may not be capable of being assigned, transferred or subleased as contemplated hereunder;

4.19 Rights-of-Way. Except as set forth in the Seller's Disclosure Schedule, to Seller's knowledge, Seller owns or possesses all rights-of-way necessary for the conduct of the business of the System, as now conducted, without any known conflict with the rights of others.

4.20 Enforceability. This Agreement constitutes a legal, valid and binding obligation of Seller, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization or similar laws of general applicability affecting creditors' rights and subject to principles of equity.

4.21 Material Facts. No representation or warranty by Seller in this Agreement or any statement or certificate furnished or to be furnished to Purchaser pursuant hereto, or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary to make the statements contained therein not misleading.

4.22 Sufficiency of Purchase Assets. The Purchase Assets are used by Seller exclusively in the utility operations of the System; the Purchase Assets are sufficient for, and no other

assets, rights (contractual or otherwise) or governmental approvals of any kind owned or used by Seller are necessary to, the continued conduct of the Seller's utility operations.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF PURCHASER

5.01 Corporate Status. Purchaser is a public corporation, duly organized, validly existing and in good standing under the laws of the State of West Virginia, with full power and authority to own its properties and assets and to conduct its business, and is qualified and in good standing as a public service district in the State of West Virginia.

5.02 Authority. Subject to regulatory authorizations and approvals and consents and approvals of third parties, Purchaser has the corporate and legal power and authority to enter into and perform this Agreement, and the consummation of the transactions contemplated by this Agreement in accordance with its terms, and compliance with the terms and conditions hereof and the closing of the transactions contemplated hereby will not violate or conflict with any provision of Article 13A of Chapter 16 of the

West Virginia Code, or violate any law or result in the breach or termination of any provision of, or constitute a default under any indenture, agreement or other instrument to which Purchaser is a party or by which any of its properties and assets may be bound.

5.03 Corporate Authorization. Purchaser has taken all necessary legal and corporate actions to authorize and approve the execution, delivery and performance of this Agreement and all transactions contemplated hereby. The execution and delivery of this Agreement, and the performance of the transactions provided for herein have been duly authorized and approved by the board of Purchaser and other requisite corporate action on the part of the Purchaser.

5.04 Fees. Purchaser has not incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees in connection with the purchase of the Purchase Assets provided for herein.

5.05 Enforceability. Upon approval by the Public Service Commission of West Virginia, this Agreement constitutes a legal, valid and binding obligation of Purchaser, enforceable in

accordance with its terms, except as limited by bankruptcy, insolvency, reorganization or similar laws of general applicability affecting creditors, rights and subject to principles of equity.

5.06 Material Facts. No representation or warranty by Purchaser in this Agreement or any statement or certificate furnished or to be furnished to Seller pursuant hereto, or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary to make the statements contained therein not misleading.

ARTICLE VI

COVENANTS

6.01 Seller's Obligations. Seller covenants and agrees as follows:

A. Consents and Approvals. Seller shall (i) in a timely, accurate and complete manner take all necessary corporate and other action and use all reasonable efforts to obtain all consents, approvals, permits, licenses and amendments of

agreements required of it to carry out the transactions contemplated in this Agreement and (ii) provide to Purchaser such information within its knowledge as Purchaser may require to assist Seller and/or make such filings and prepare such applications as may be required for the consummation by Purchaser of the transactions contemplated by this Agreement.

B. Access to Properties and Records. Seller will afford to Purchaser and its authorized representatives at Purchaser's sole cost and expense, reasonable access from the date hereof until the Closing Date during normal business hours to the officers, employees, properties, and records of Seller relating to the System and will furnish to Purchaser or such representatives such additional financial and operating data and other information relating to the System as may be reasonably requested and available.

C. All Reasonable Efforts. Seller will use all reasonable efforts to obtain the satisfaction of the conditions to closing set forth in Article VIII hereof.

D. Business Operations. From the date of execution of this Agreement until the Closing Date, except to the extent

expressly permitted by this Agreement or otherwise consented to by an instrument in writing signed by Purchaser or as described in the Seller's Disclosure Schedule, Seller shall:

(i) Carry on the business of the System in the ordinary course, in substantially the same manner in which it is presently being conducted, and use all reasonable efforts to preserve the present business organization, and preserve its relationship with customers, suppliers and others having business relationships with the System;

(ii) Continue the existing practices relating to maintaining the Purchase Assets in reasonable or normal operating condition;

(iii) Not sell, lease or dispose of, or make any material contract for the sale, lease or disposition of, or subject to lien other than as specifically permitted hereunder, any material portion of the Purchase Assets other than in the ordinary course of business;

(iv) Reasonably inform and consult with Purchaser pertaining to the conduct of business in the ordinary course by Seller with respect to the System, which may substantially and

materially affect the operation of such business by Purchaser upon the transfer of the Purchase Assets as contemplated hereunder, including, but without limitation, the conduct or settlement of all proceedings before the PSC.

(v) To the extent within the control of Seller, refrain from doing any act or omitting to do any act which will cause a material breach of any material contract or material permit, authorization, certificate, license or order ("Material Permits") held by Seller with respect to the System or which would cause any of the representations and warranties of Seller contained herein not to be true and correct in any material respect if such representations and warranties were made immediately after such act or failure to act;

(vi) To the extent within the control of Seller, use reasonable efforts to maintain all Material Permits held by Seller with respect to the System;

(vii) Use reasonable efforts to comply in all material respects with all Legal Requirements applicable to the System;

(viii) Unless otherwise required by applicable Legal Requirements, maintain with respect to the System' books of account and records in the usual, regular and ordinary manner and consistent with past practices;

(ix) Except as required by applicable Legal Requirements, not enter into any material contract relating to the System other than in the ordinary course of business; and

(x) Not knowingly acknowledge the validity of any material claim asserted against Seller by a third party adverse to the interests of the System unless required by applicable Legal Requirements or unless the Seller determines (in the exercise of its sole, but reasonable judgment) either that to so acknowledge would be in the best interests of the System or that not to so acknowledge would realistically expose the Seller to claims for punitive or similar damages.

E. Material Change. If, at any time prior to Closing, Seller shall become aware of the occurrence of any adverse change in, or any event (other than one generally known to the public or to those in the water utility industry and other than general economic conditions) which is likely to have a material adverse

effect on the operations of the System, Seller shall promptly advise Purchaser of such change or event.

6.02 Purchaser's Obligations. Purchaser covenants and agrees as follows:

A. Consents and Approvals. Purchaser shall take all necessary corporate and other action and use all reasonable efforts to obtain all consents, approvals, permits, licenses and amendments of agreements required of it to carry out the transactions contemplated in this Agreement.

B. Governmental Approvals. Purchaser shall:

(i) in a timely, accurate and complete manner make such filings with and prepare such applications to any governmental agency whose approval or consent is required for the consummation by Purchaser of the transactions contemplated by this Agreement, and

(ii) provide to Seller such information within its knowledge as Seller may require to assist Purchaser and/or make such filings and prepare such applications as may be required for the consummation by Seller of the transactions contemplated by this Agreement.

C. All Reasonable Efforts. Purchaser will use all reasonable efforts to obtain the satisfaction of the conditions to closing set forth in Article VIII hereof.

6.03 Joint Obligations. Purchaser and Seller mutually covenant and agree with each other as follows:

A. Accounts Receivable. A list of all accounts receivable relating to the operations of the System after the write-off of uncollectible accounts will be prepared by the parties and delivered by the parties at the Closing. Such list shall set forth the name and the amount owed by each account debtor. No earlier than sixty (60) days and not later than ninety (90) days after the Closing, Purchaser shall cause any of such accounts, except for accounts paid on installment or plan pursuant to Rule 4.08 of the Rules and Regulations for the Government of Water Utilities of the Public Service Commission, which have not been collected, to be reassigned to Seller without recourse and Seller shall within five (5) business days thereafter remit to Purchaser a sum equal to the aggregate dollar amount of the accounts receivable so uncollected and reassigned provided, however, that in the event Purchaser shall have on such date collected an

aggregate amount of accounts receivable in excess of the aggregate amount of the accounts owing as reflected on such list, Purchaser shall concurrently with the reassignment of the uncollected accounts remit the amount of any such excess to Seller and Seller shall not have any obligation to make any remittance to Purchaser with respect to the uncollected accounts so reassigned.

ARTICLE VII

OTHER ACTIONS PENDING THE CLOSING

7.01 Reasonable Efforts; Regulatory Approvals. The parties agree to use reasonable efforts in good faith to accomplish the following prior to or simultaneously with the Closing hereunder; and the parties each agree to assist the other to that end by each furnishing the other with appropriate information, by joining with the other in applications to regulatory authorities and diligently prosecuting the same, and to cooperate one with the other in such other ways as may be reasonable and appropriate. Seller and Purchaser each agrees as to itself that it will undertake all reasonable efforts in good faith to

accomplish the satisfaction of and compliance with the conditions to Closing set forth in this Agreement and to consummate the transactions contemplated hereunder in a timely and prudent manner.

A. Authorities to Seller from the PSC. Seller will make (either separately or jointly with Purchaser) such application or applications to the PSC as may be necessary to authorize (i) the transfer of the Purchase Assets to Purchaser in accordance with the terms of this Agreement, and (ii) such other matters relating to this Agreement and the transactions contemplated hereby as may be required by law or as Seller may deem appropriate.

B. Authorities to Purchaser from the PSC. Purchaser will make such application or applications (which may include joint application with Seller) to the PSC as may be necessary to authorize (i) the ownership and operation of the Purchase Assets by Purchaser, including, if applicable, any certificate or certificates of public convenience, and (ii) such other matters relating to this Agreement and transactions contemplated hereby as may be required by law or as Purchaser may deem appropriate.

7.02 Third-Party Consents. Seller and Purchaser will each seek all respective approvals or consents of third parties necessary to effect the transfers by Seller to Purchaser and the consummation of the transaction provided for herein.

7.03 Unacceptable Conditions. In the event such authorizations related to this Agreement shall contain any condition or requirement that is unacceptable to Seller or Purchaser, in either Seller's or Purchaser's sole but reasonable judgment, then either Seller or Purchaser shall have the right, at its expense, to seek administrative or judicial rehearing or review of such unacceptable authorizations. Should either Seller or Purchaser elect to seek such administrative or judicial rehearing or review, then Purchaser and Seller will diligently pursue such rehearing or review and will cooperate with each other in connection with such rehearing or review. As provided in Section 12.01.B. and C., this Agreement may be terminated by either Seller or Purchaser if, following such review or rehearing, the Final Regulatory Order(s) (as hereinafter defined) contain any condition or requirement unacceptable to the Seller or Purchaser.

ARTICLE VIII

CONDITIONS PRECEDENT

8.01 Conditions Precedent to Obligations of Seller and Purchaser. The respective obligations of Seller and Purchaser under this Agreement to consummate the transactions contemplated hereby are subject to satisfaction of the following:

A. All final approvals, orders and authorizations, which shall no longer be subject to any appellate review ("Final Regulatory Order(s)") referred to in Sections 7.01A. and 7.01B. hereof, as may be required in connection with the transactions herein contemplated, shall have been duly obtained and shall not contain any condition or requirement unacceptable to either Seller or Purchaser;

B. The Final Regulatory Order(s) shall contain no condition or requirement unacceptable to either Seller or Purchaser.

8.02 Conditions Precedent to Obligations of Purchaser. In addition to the provisions of Section 8.01 above, the obligation of Purchaser under this Agreement to consummate the transactions contemplated hereby is subject to the satisfaction on or prior to

the Closing Date of the following conditions, any one or more of which may be waived in writing, in whole or in part, by Purchaser:

A. Accuracy of Representations and Warranties of Seller, Compliance With Covenants. The representations and warranties of Seller set forth in Article IV hereof shall be true and correct in all material respects as of the date when made and as of the Closing Date, as though made at that time, except to the extent necessary to reflect the consummation of the transactions provided for herein and as otherwise permitted hereby. Seller shall have performed or complied in all material respects with all covenants and conditions required by this Agreement to be performed by it prior to or on the Closing Date.

B. Consents and Approvals. Any and all orders, permits, licenses, qualifications, authorizations or approvals from governmental authorities and any and all material consents of third persons referred to in Article VII hereof required for the closing of the transactions contemplated by this Agreement shall have been obtained except as expressly otherwise provided herein. In such regard, any approvals required for the assignment and

transfer by Seller to Purchaser of all franchises of the System shall be deemed to be material consents.

C. Delivery of Documents. There shall have been delivered to Purchaser by Seller such documents as are described in Section 9.01 hereof and required thereunder to be delivered to Purchaser on the Closing Date.

8.03 Conditions Precedent to Obligations of Seller. In addition to the provisions of Section 8.01 above, the obligation of Seller under this Agreement to consummate the transactions contemplated hereby is subject to the satisfaction on or prior to the Closing Date of the following conditions, any one or more of which may be waived in writing, in whole or in part, by Seller:

A. Accuracy of Representations and Warranties, Compliance with Covenants. The representations and warranties of Purchaser set forth in Article V hereof shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at that time, except to the extent necessary to reflect the consummation of the transactions provided for herein and as otherwise permitted hereby. Purchaser shall have performed or complied in all material respects with all covenants

and conditions required by this Agreement to be performed by it prior to or on the Closing Date.

B. Consents and Approvals: Any and all orders, permits, licenses, qualifications, authorizations or approvals from governmental authorities and any and all material consents of third parties reference in Article VII hereof required for the closing of the transactions contemplated by this Agreement shall have been obtained, except as expressly otherwise provided herein.

C. Delivery of Documents. There shall have been delivered to Seller by Purchaser such documents as are described in Section 9.02 hereof and required thereunder to be delivered to Seller on the Closing Date, which documents shall be reasonably satisfactory to James W. Withrow, counsel for Seller.

ARTICLE IX

DOCUMENTS TO BE DELIVERED AT THE CLOSING

9.01 By Seller. Seller agrees to deliver to Purchaser on the Closing Date the following:

A. Bills of Sale, Deeds, Assignments and Transfers. Good and sufficient bills of sale, general warranty deeds, assignments and such other instruments of transfer as shall be necessary to assign and transfer to and vest title to the Purchase Assets in Purchaser, free of all liens and encumbrances all as described in Section 4.07.

B. Consents to Assignments. All material consents of third parties which are necessary to effect the transfer by Seller of the Purchase Assets and to consummate effectively the transactions contemplated by this Agreement, in form and substance reasonably satisfactory to counsel for Purchaser, unless waived in writing by Purchaser and except as otherwise provided herein.

C. Officer's Certificate. Certificate of the Chairman of the Seller, dated the Closing Date, certifying that the conditions precedent set forth in Section 8.02.A. hereof have been fulfilled.

D. Certificate of Secretarial Officer. Certificate of the Secretary of Seller dated the Closing Date with respect to the

incumbency of corporate officers and their signatures, corporate standing, and the corporate resolutions contemplated hereby.

E. Other Documents. Such other documents as shall be reasonably required by Purchaser and its counsel.

9.02 By Purchaser. Purchaser agrees to deliver to Seller on the Closing Date the following:

A. Payment of Purchase Price. The payment of Purchase Price, as provided in Section 3.01.B hereof.

B. Officer's Certificate. Certificate of the Chairman of Purchaser dated the Closing Date certifying that the conditions precedent set forth in Section 8.03.A hereof have been fulfilled.

C. Certificate of Secretarial Officer. Certificate of the Secretary dated the Closing Date with respect to the incumbency of corporate officers and their signatures, corporate standing, and the corporate resolutions contemplated hereby.

ARTICLE X

THE CLOSING

10.01 Closing. The closing of the purchase and sale provided for hereunder (the "Closing") shall take place following the satisfaction of the conditions precedent set out in Article VIII at such time and place as shall be mutually agreed to by the parties. The date on which the Closing takes place is referred to herein as the "Closing Date".

ARTICLE XI

INDEMNIFICATION

11.01 Indemnification.

A. Purchaser shall indemnify and hold harmless Seller from and against any costs and damages sustained by Seller as a result of any material inaccuracy of any representation or any breach of any covenant, warranty, or agreement with respect to which Purchaser is liable after the Closing.

B. Seller shall indemnify and hold harmless Purchaser from and against any costs and damages sustained by Purchaser as a result of any material inaccuracy of any representation or any breach of any covenant, warranty, or agreement with respect to which Seller is liable after the Closing.

ARTICLE XII

TERMINATION

12.01 Termination. This Agreement is subject to termination upon the following conditions:

A. Adverse Government/Regulatory Action. This Agreement shall terminate and be of no further force and effect in the event of (i) the entry of a Final Regulatory Order(s) of the PSC disapproving or denying any application or request for approval or authorization described in Section 7.01.A or Section 7.01.B hereof, filed or made by or on behalf of the parties hereto in connection with the transfer, assignment and conveyance contemplated hereunder of the Purchase Assets, or any material part thereof; (ii) independent actions by third parties which render performance of this Agreement illegal or impossible in any fundamental respect; the actions by third parties described in this clause (ii) include but are not limited to legislative, executive or other governmental actions; or (iii) mutual agreement of the boards of directors and commissioners of Seller and Purchaser.

B. Termination by Seller. This Agreement may be terminated by Seller, at its option, in the following circumstances:

(i) If Purchaser fails to perform any material condition or term of this Agreement required to be performed by it prior to or at the Closing and such failure shall not be waived in writing

by Seller or shall not have been cured to the satisfaction of Seller within the period of time, if any, provided by Seller for the cure thereof; and,

(ii) If the Final Regulatory Orders shall contain any condition or requirement unacceptable to Seller.

C. Termination by Purchaser. This Agreement may be terminated by Purchaser, at its option, in the following circumstances:

(i) If Seller fails to perform any material condition or term of this Agreement required to be performed by it prior to or at the Closing and such failure shall not be waived in writing by the Purchaser or shall not have been cured to the satisfaction of Purchaser within the period of time, if any, provided by Purchaser for the cure thereof;

(ii) If the Final Regulatory Orders shall contain any condition or requirement unacceptable to Purchaser; and

(iii) If any nonassignable contract or any nonassignable government licenses, permits and approvals identified under Section 1.01.B, either individually or in the aggregate,

materially threaten the successful economic or practical operation of the business of the System by Purchaser.

D. Liability on Termination. In the event of the termination of this Agreement pursuant to the terms and provisions hereof, no party hereto will have any liability hereunder of any nature whatever to any other party hereto including any liability for damages.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

13.01 Determination of Regulatory Proceedings, Etc. In the event of an adverse or unfavorable determination by any governmental regulatory authority relating to any of the transactions contemplated under this Agreement, or should any of the transactions hereunder be challenged or opposed by any administrative or legal proceedings, the determination of whether and to what extent to seek appeal or review, administrative or otherwise, or to contest such challenge or opposition or other appropriate remedies shall be made by mutual agreement of the

parties hereto, and in the absence of such agreement, by the party making the application.

13.02 Waiver. Any terms or provisions of this Agreement may be waived in writing at any time by the party which is entitled to the benefits thereof. The failure of either party at any time or times to require performance of any provision hereof shall in no manner affect such party's right at a later time to enforce the same. No waiver by any party of a condition or of the breach of any term, covenant, representation or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or of the breach of any other term, covenant, representation or warranty of this Agreement.

13.03 Notices. All notices, requests, demands or other communications required, permitted or desired to be given hereunder shall be deemed to have been duly given if delivered in writing by hand delivery or mailed by certified mail and shall be addressed as follows:

IF TO SELLER:

AUBREY COOK
CHAIRMAN
KANAWHA ORCHARD PUBLIC SERVICE DISTRICT

IF TO PURCHASER:

CALVIN HATFIELD
CHAIRMAN
SOUTH PUTNAM PUBLIC SERVICE DISTRICT
POST OFFICE BOX 147
SCOTT DEPOT, WEST VIRGINIA 25560

WITH A COPY TO:

ROBERT R. RODECKER, ESQUIRE
McDONALD & RODECKER
POST OFFICE BOX 2151
CHARLESTON, WEST VIRGINIA 25328

13.04 Further Assurances. Each of the parties hereto hereby agrees that after the Closing Date, it will from time to time, upon request of the other party hereto, take or cause to be taken by other parties (including without limitation their respective independent auditors) such further action as the other may reasonably request to carry out the transfers of assets, assumption of liabilities and other transactions contemplated by this Agreement including assistance that may be needed by either

of them in connection with the preparation of financial statements, regulatory findings and other similar requirements.

13.05 Expenses. Each of the parties hereto shall pay all costs and expenses incurred or to be incurred by it in connection with the negotiations respecting this Agreement and the transactions contemplated hereunder, including preparation of documents, obtaining any necessary regulatory approvals and the consummation of the other transactions contemplated hereby.

13.06 Passage of Title and Risk of Loss. Legal title, equitable title and risk of loss with respect to the Purchase Assets will not pass to Purchaser until such Purchase Assets are transferred to Purchaser at the Closing.

13.07 Ad Valorem and Similar Taxes. Ad valorem, property and similar taxes and assessments, based upon or measured by the value of the Purchase Assets payable in the fiscal year (July 1 to June 30) in which the Closing occurs, shall be divided or prorated on a calendar year basis as of the Effective Date between Seller and the Purchaser. In this regard, Seller shall assume responsibility for any applicable taxes attributable to the period of time prior to the Closing and Purchaser as a public

corporation shall have no responsibility for the period of time thereafter.

13.08 Parties in Interest. Except as otherwise provided herein, nothing in this Agreement is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties to it and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligations or liability of any third person or give any third person any right of subrogation or action over or against party to this Agreement.

13.09 Basis of Preparation. All financial data prepared pursuant hereto or included herein shall be prepared in accordance with generally accepted accounting principles consistently applied by the Seller.

13.10 Execution and Counterparts. This Agreement may be executed in any number of counterparts, each and all of which shall be deemed for all purposes to be one agreement.

13.11 Benefit of Agreement. This Agreement is binding upon and shall inure to the benefit of Seller and Purchaser, their respective successors and assigns, provided, however, that this

Agreement or any part thereof, is not assignable, directly or indirectly, without the prior written consent of the other party.

13.12 Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the transactions contemplated herein.

13.13 Amendments. At any time prior to the Closing Date, this Agreement may be amended or modified in any respect by any agreement in writing duly executed in the same manner as this Agreement by the authorized officers of the parties.

13.14 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of West Virginia.

13.15 Headings. The headings and captions in this Agreement are intended solely for convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

13.16 U.S. Dollars. All references herein to monetary amounts shall be deemed to refer to U.S. Dollars.

13.17 Singular and Plural. Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular and the singular includes the plural.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

**KANAWHA ORCHARD PUBLIC SERVICE DISTRICT,
a public corporation,**

BY


Its Chairman

Date: 6-15-99

**SOUTH PUTNAM PUBLIC SERVICE
DISTRICT, a public corporation,**

BY


Its Chairman

June 15, 1999
Date: ~~December 17, 1992~~

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

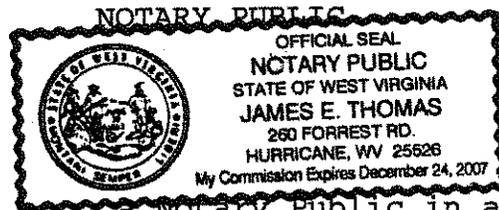
I, JAMES E. THOMAS, a Notary Public in and for the County and State aforesaid, do hereby certify that ~~Aubrey~~ ^{Roger K. Randolph} ~~Cook~~, Chairman of Kanawha Orchard Public Service District, whose name is signed to the foregoing and hereto annex Agreement, bearing date the ~~17th~~ ^{15th} day of ~~December~~ ^{June}, ~~1992~~ ¹⁹⁹⁹, as Chairman of Kanawha Orchard Public Service District, acknowledges the same before me in my said County to be the act and deed of said political subdivision.

Given under my hand this ~~17th~~ ^{15th} day of ~~December~~ ^{June}, ~~1992~~ ¹⁹⁹⁹.

My commission expires December 24, 2007.

James E Thomas

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



I, JAMES E. THOMAS, a Notary Public in and for

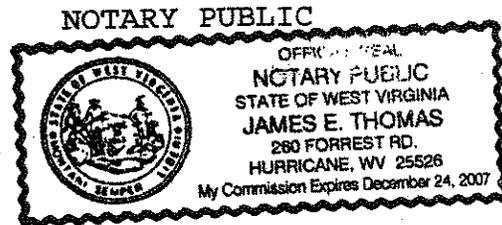
the County and State aforesaid, do hereby certify that ~~Calvin~~ ^{Carl S. Coffman, II} Hatfield, Chairman of South Putnam Public Service District, whose name is signed to the foregoing and hereto annex Agreement, bearing date the ~~17th~~ ^{15th} day of ~~December~~ ^{June}, ~~1992~~ ¹⁹⁹⁹, as Chairman of the South Putnam Public Service District, acknowledges the same

before me in my said County to be the act and deed of said political subdivision.

Given under my hand this ^{15th} ~~17th~~ day of ^{June} ~~December~~, ¹⁹⁹⁹ ~~1992~~.

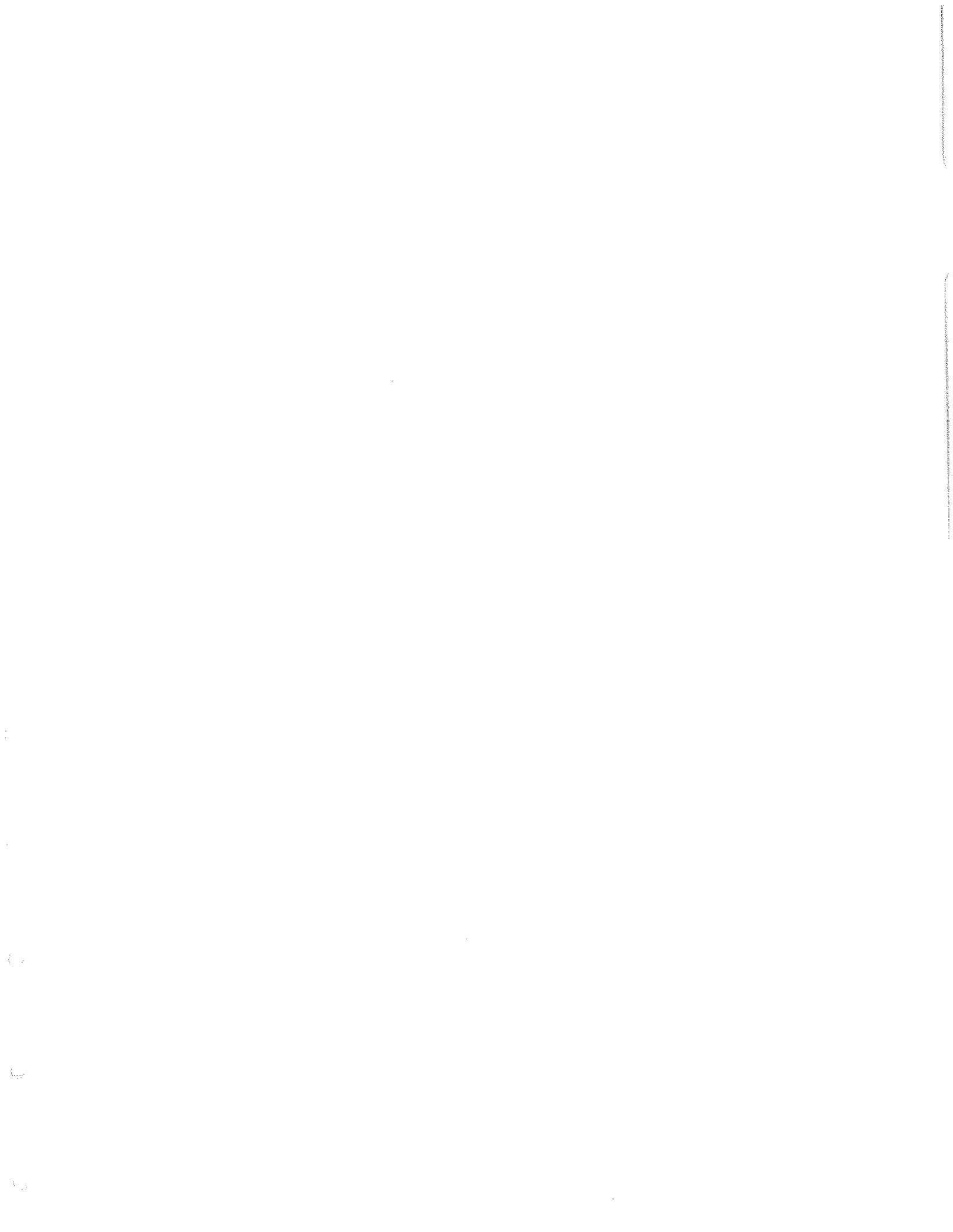
My commission expires December 24, 2007.

James E Thomas



EXHIBITS TO PURCHASE AND SALE AGREEMENT

- EXHIBIT A - General Warranty Deed from Kanawha Orchard to South Putnam transferring all real properties, except leasehold estates and easements, comprising part of the Purchase Assets.
- EXHIBIT B - Deed and Assignment (Leases) transferring Kanawha Orchard's interests in easements for distribution facilities used in the System shall to South Putnam.
- EXHIBIT C - Deed and Assignment (Leases) transferring Kanawha Orchard's **interest as lessee** in leasehold estates comprising part of the Purchase Assets to South Putnam.
- EXHIBIT D - Deed and Assignment (Leases) transferring Kanawha Orchard's **interest as lessor** in leases of properties comprising part of the Purchase Assets to South Putnam.
- EXHIBIT E - Bill of Sale transferring all tangible personal property of Kanawha Orchard comprising part of the Purchase Assets to South Putnam.
- EXHIBIT F - Assignment Agreement (Intangibles) transferring Kanawha Orchard's intangible personal property comprising part of the Purchase Assets to South Putnam



KANAWHA ORCHARD PUBLIC SERVICE DISTRICT

Sale of Assets to South Putnam Public Service District

CONFIRMATORY RESOLUTION

WHEREAS, the Public Service Board (the "Board") of Kanawha Orchard Public Service District (the "District"), has duly and officially adopted a resolution, effective April 16, 1992 (the "Resolution"), approving the sale of all assets of the District to South Putnam Public Service District ("South Putnam"), and the execution of all documents related to such sale;

WHEREAS, the Board has previously entered into an asset purchase agreement whereby it agreed to sell the assets of the District to South Putnam;

WHEREAS, the aforementioned sale of assets has been approved by the Public Service Commission of West Virginia; and

WHEREAS, the Board now deems it desirable to confirm and ratify the sale of the assets of the District to South Putnam and the execution of all documents and the taking of all actions necessary to complete said sale.

NOW THEREFORE, the Board hereby resolves as follows:

1. All assets of the District are to be sold to South Putnam pursuant to the terms of the Asset Purchase Agreement previously executed by the parties.
2. All actions taken by all parties to this transaction are hereby ratified, confirmed and approved.
3. The officers of the Board are hereby authorized to execute any and all documents and take all necessary actions to complete the aforementioned sale of assets.

4. This Confirmatory Resolution shall be effective immediately following adoption hereof.

Adopted this 15th day of June, 1999.

KANAWHA ORCHARD PUBLIC
SERVICE DISTRICT


Chairman


Member


Member

CERTIFICATION

Certified a true copy of a Confirmatory Resolution duly adopted by the Public Service Board of KANAWHA ORCHARD PUBLIC SERVICE DISTRICT on the 15th day of June, 1999.

Dated: June 16, 1999.

[SEAL]


Secretary

06/15/99
847280/98003

**RESOLUTION OF BOARD OF KANAWHA ORCHARD PUBLIC
SERVICE DISTRICT AUTHORIZING SALE OF ITS SYSTEM
TO SOUTH PUTNAM PUBLIC SERVICE DISTRICT**

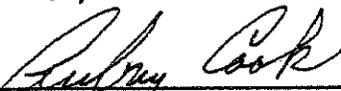
CERTIFICATE

I, Aubrey Cook, hereby certify that I am Chairman of the Kanawha Orchard Public Service District, that a Meeting of the Members of the Board of the District, was duly called, noticed and held April 16, 1992, at which meeting a quorum of Members of the Board of the District was present, and that at said meeting the following Resolution was submitted to the Members for consideration:

BE IT RESOLVED, that the Members of the Board of Kanawha Orchard Public Service District ("Kanawha Orchard"), being of the opinion that it is in the best interest of Kanawha Orchard and its customers, vote in the majority to sell the District's utility assets, including but not limited to its governmental authority, to South Putnam Public Service District.

I further certify that said Resolution was adopted by a majority of the Members of the Board of the District voting at said meeting by a vote of 3 in favor; 0 opposed.

Dated this 16th day of April, 1992.



AUBREY COOK
CHAIRMAN

KANAWHA ORCHARD PUBLIC SERVICE DISTRICT

KANAWHA ORCHARD PUBLIC SERVICE DISTRICT

MEETING OF MEMBERS OF THE BOARD

DATE: April 16, 1992

RESOLUTION

BE IT RESOLVED, that all of the Members of the Board of Kanawha Orchard Public Service District ("Kanawha Orchard"), being of the opinion that it is in the best interest of Kanawha Orchard and its customers, vote to sell the District's utility assets, including but not limited to its governmental authority, to South Putnam Public Service District.

✓ FOR

 AGAINST

Ausley Cook
MEMBER'S SIGNATURE

Ausley Cook
MEMBER'S NAME (PLEASE PRINT)

KANAWHA ORCHARD PUBLIC SERVICE DISTRICT

MEETING OF MEMBERS OF THE BOARD

DATE: APRIL 16, 1992

RESOLUTION

BE IT RESOLVED, that all of the Members of the Board of Kanawha Orchard Public Service District ("Kanawha Orchard"), being of the opinion that it is in the best interest of Kanawha Orchard and its customers, vote to sell the District's utility assets, including but not limited to its governmental authority, to South Putnam Public Service District.

FOR

AGAINST

Roger K Randolph
MEMBER'S SIGNATURE

ROGER K. RANDOLPH
MEMBER'S NAME (PLEASE PRINT)

KANAWHA ORCHARD PUBLIC SERVICE DISTRICT

MEETING OF MEMBERS OF THE BOARD

DATE: APRIL 16, 1992

RESOLUTION

BE IT RESOLVED, that all of the Members of the Board of Kanawha Orchard Public Service District ("Kanawha Orchard"), being of the opinion that it is in the best interest of Kanawha Orchard and its customers, vote to sell the District's utility assets, including but not limited to its governmental authority, to South Putnam Public Service District.

X FOR

_____ AGAINST

Dale H. Brown
MEMBER'S SIGNATURE

DALE BROWN
MEMBER'S NAME (PLEASE PRINT)

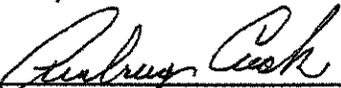
CERTIFICATE

I, Aubrey Cook, hereby certify that I am Chairman of the Kanawha Orchard Public Service District, that a Meeting of the Members of the Board of the District, was duly called, noticed and held April 16, 1992, at which meeting a quorum of Members of the Board of the District was present, and that at said meeting the following Resolution was submitted to the Members for consideration:

BE IT RESOLVED, that Aubrey Cook, Chairman of Kanawha Orchard Public Service District ("Kanawha Orchard"), shall be authorize to executed any and all documents necessary to enable Kanawha Orchard to sell its utility assets, including but not limited to its governmental authority, to South Putnam Public Service District.

I further certify that said Resolution was adopted by a majority of the Members of the Board of the District voting at said meeting by a vote of 3 in favor; 0 opposed.

Dated this 16th day of April, 1992.



AUBREY COOK
CHAIRMAN

KANAWHA ORCHARD PUBLIC SERVICE DISTRICT

KANAWHA ORCHARD PUBLIC SERVICE DISTRICT

MEETING OF MEMBERS OF THE BOARD

APRIL 16, 1992

RESOLUTION

BE IT RESOLVED, that Aubrey Cook, Chairman of Kanawha Orchard Public Service District ("Kanawha Orchard"), shall be authorized to execute any and all documents necessary to enable Kanawha Orchard to sell its utility assets, including but not limited to its governmental authority, to South Putnam Public Service District.

FOR
 AGAINST


MEMBER'S SIGNATURE

ROGER K. RANDOLPH
MEMBER'S NAME (PLEASE PRINT)

KANAWHA ORCHARD PUBLIC SERVICE DISTRICT

MEETING OF MEMBERS OF THE BOARD

APRIL 16, 1992

RESOLUTION

BE IT RESOLVED, that Aubrey Cook, Chairman of Kanawha Orchard Public Service District ("Kanawha Orchard"), shall be authorized to execute any and all documents necessary to enable Kanawha Orchard to sell its utility assets, including but not limited to its governmental authority, to South Putnam Public Service District.

 ✓ FOR

 AGAINST

 Dale H. Brown
MEMBER'S SIGNATURE

 Dale H. Brown
MEMBER'S NAME (PLEASE PRINT)

KANAWHA ORCHARD PUBLIC SERVICE DISTRICT

MEETING OF MEMBERS OF THE BOARD

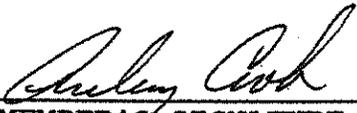
DATE: April 16, 1992

RESOLUTION

BE IT RESOLVED, that Aubrey Cook, Chairman of Kanawha Orchard Public Service District ("Kanawha Orchard"), shall be authorized to execute any and all documents necessary to enable Kanawha Orchard to sell its utility assets, including but not limited to its governmental authority, to South Putnam Public Service District.

✓ FOR

 AGAINST


MEMBER'S SIGNATURE

AUBREY COOK
MEMBER'S NAME (PLEASE PRINT)

KANAWHA ORCHARD PUBLIC SERVICE DISTRICT

MEETING OF MEMBERS OF THE BOARD

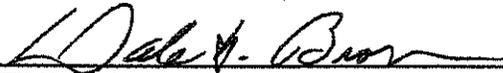
DATE: APRIL 16, 1992

RESOLUTION

BE IT RESOLVED, that Aubrey Cook, Chairman of Kanawha Orchard Public Service District ("Kanawha Orchard"), shall be authorized to execute any and all documents necessary to enable Kanawha Orchard to sell its utility assets, including but not limited to its governmental authority, to South Putnam Public Service District.

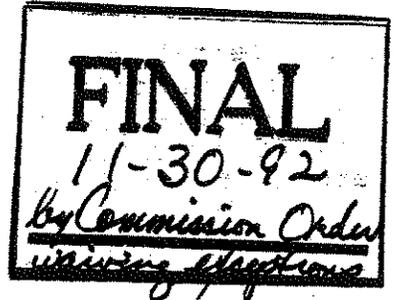
X FOR

 AGAINST


MEMBER'S SIGNATURE

DALE BROWN
MEMBER'S NAME (PLEASE PRINT)

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
AT CHARLESTON



Entered: November 16, 1992

CASE NO. 92-0644-PSWD-PC

SOUTH PUTNAM PUBLIC SERVICE DISTRICT and
KANAWHA ORCHARD PUBLIC SERVICE DISTRICT
Joint petition for permission to enter
into a purchase and sale agreement and
for transfer of authority.

RECOMMENDED DECISION

On June 24, 1992, South Putnam Public Service District (South Putnam), a public corporation, and Kanawha Orchard Public Service District (Kanawha Orchard), a public corporation, (jointly referred to as Petitioners or Districts), filed a petition with the Public Service Commission requesting the Commission's approval of the purchase by South Putnam of the utility properties of Kanawha Orchard and for the transfer of Kanawha Orchard's authority to South Putnam, all in compliance with the Recommended Decision entered April 13, 1992, in Case No. 88-343-WS-PC, in which a county plan of public service districts (County Plan) was adopted for Putnam County, pursuant to West Virginia Code §16-13A-1, et seq. In the Putnam County Plan, Kanawha Orchard and South Putnam are to be consolidated or merged into one public service district.

According to the petition, since March 1, 1991, South Putnam has managed and operated the public service properties of Kanawha Orchard, pursuant to a management agreement entered into between the parties on December 21, 1990, which was approved by the Public Service Commission in Case No. 91-057-PSWD-PC. Paragraph three of that management agreement provides that South Putnam will have the exclusive right and option to purchase Kanawha Orchard's existing water system. Accordingly, pursuant to the provisions of the management agreement, and as a result of the adoption of the Putnam County Plan, South Putnam has notified Kanawha Orchard of its intent to exercise its option to acquire Kanawha Orchard's water system. The proposed purchase and sale agreement was attached to the petition as Exhibit No. 1 and incorporated into the petition by reference.

The petition further represents that all members of the Kanawha Orchard Board deem it to be in the best interest of Kanawha Orchard to sell its system to South Putnam. A resolution of the Board of Kanawha Orchard Public Service District authorizing the sale of the system to South Putnam Public Service District was attached to the petition as Exhibit 2 and also incorporated therein by reference. The South Putnam

service territory is adjacent to the Kanawha Orchard service territory. The petition points out that West Virginia Code §16-13A-18a permits public service districts to sell their systems to adjacent public service districts when all members of the board deem it to be in the best interest of the district.

The petition further goes on to relate that, pursuant to the Commission's Order in Case No. 88-343-WS-PC, the Putnam County Commission has commenced a proceeding to enlarge the boundaries of South Putnam to include the territory formerly included within the service territory of Kanawha Orchard Public Service District.

As contemplated in the management agreement and petition approved in Case No. 91-057-PSWD-PC, the purchase and sale agreement provides for the sale of all of Kanawha Orchard's rights to South Putnam upon full payment of the outstanding debt of Kanawha Orchard to the Farmers' Home Administration (FmHA) and the payment of \$1.00. The petition also states that no other utility is affected by the agreement proposed in this filing. Further, the petition states that the terms and conditions of the proposed agreement are reasonable and that neither party is given an undue advantage over the other. The petition also states that the public will not be adversely affected by the purchase by South Putnam and the sale by Kanawha Orchard of the Kanawha Orchard system and authority.

On July 22, 1992, the Commission issued its Referral Order in this matter, referring this proceeding to the Division of Administrative Law Judges for a decision to be rendered on or before January 20, 1993.

On September 21, 1992, Staff Attorney Cassius H. Toon filed the Final Joint Staff Memorandum in this proceeding. Attached to Mr. Toon's Memorandum were a Final Internal Memorandum from Robert M. Hubbard, Utility Financial Analyst, Public Service District Division, and a Final Internal Memorandum from Michael W. McNulty, Engineer-in-Training, Public Service District Division, which are incorporated in the Staff recommendation. Both Mr. McNulty and Mr. Hubbard recommended approval of the transaction, subject to the amount of the outstanding FmHA debt of Kanawha Orchard Public Service District being identified and a proposal being submitted which details the means of payment of the indebtedness by South Putnam. However, Commission Staff has taken the position that, since the consolidation of the two public service districts was ordered in Case No. 88-343-WS-PC, no further order of the Commission is required to effectuate that consolidation. Staff further stated that it did not see the necessity of creating an additional case to insure compliance with the Commission order adopting a county consolidation plan. Accordingly, Commission Staff recommended that this proceeding be dismissed, since the action proposed in this filing is for the purpose of complying with the previously approved Putnam County Plan, or, in the alternative, that this proceeding be dismissed and that an order be entered in Case No. 88-343-WS-PC, approving the transaction which is the subject of this proceeding. The Staff recommendation was served upon the two public service districts by letter dated September 21, 1992, from the Commission's Executive Secretary, which letter indicated that the Districts would have seven days in which to file a response to the Staff recommendation.

On September 25, 1992, Counsel for the Districts filed a letter requesting an extension of time of two weeks in which to file a response to the Staff Memorandum. The Districts have asked bond counsel to review the Memorandum and to provide observations on the matter.

On October 8, 1992, the Districts filed their response to the Final Joint Staff Memorandum. According to the response, in this proceeding, the Districts are seeking the Commission's approval of a purchase and sale agreement, by which South Putnam would acquire the assets of Kanawha Orchard. Subsequently, the Putnam County Commission would act to expand the boundaries of South Putnam to include the territory of Kanawha Orchard and Kanawha Orchard would be dissolved as inactive. The Districts took issue with a number of the representations and opinions set forth in the Staff Memorandum and asserted that, if the Staff recommendation was followed, it could expose the Districts to needless expense and jeopardize the resolution of the proposed transaction.

The Districts further pointed out that West Virginia Code §16-13A-18a specifically states that the sale by a public service district of its system may be made only upon approval by the Public Service Commission. While the Commission Order in Case No. 88-343-WS-PC approved the consolidation of the two districts, the Order did not specifically contemplate the sale of the Kanawha Orchard assets to South Putnam. The Districts further point out that West Virginia Code §24-2-12(b) provides that no utility may purchase, or in any other manner assume control over, the plants, business or other property of any other utility, without first obtaining the Commission's approval. According to the Districts, since no order has been entered by the Commission specifically approving the method by which consolidation should be accomplished, in order to assure bondholder approval of the proposed transaction, it would be more appropriate for the Commission to not dismiss the case, but to enter an order specifically approving the transaction.

The Districts also disputed the Staff interpretation of other provisions of West Virginia Code §16-13A-1, et seq., pursuant to which the Commission Staff argued that, since the consolidation of the two Districts had already been approved in the county plan proceeding, no additional hearing was required for the specific consolidation of the two Districts and the dissolution of Kanawha Orchard Public Service District. The Districts also pointed out that the Public Service Commission's own Public Service District Rules would appear to require a further hearing, regardless of whether the proposed consolidation, merger, expansion or dissolution had been contemplated and required by a previously approved county plan.

The Districts also asserted that their bond counsel expressed the opinion to them, by letter dated September 25, 1992, that, if a second hearing is not held to approve the specific consolidation and merger of the two Districts, the process has been left open to a subsequent challenge by any affected person or entity. From bond counsel's standpoint, it would be essential that there be no possibility of procedural or substantive due process challenges to a consolidation or merger subsequent to completion. According to the letter from the

Districts' bond counsel, any possibility of a successful challenge to the merger or consolidation renders it difficult for bond counsel to provide an opinion in future bond issues that the resulting public service district has been properly formed. Accordingly, for all of the above reasons, the Districts requested that the Commission enter an order approving the transaction.

The Districts also stated that the issue of the necessity for a hearing on the enlargement of the boundaries of South Putnam Public Service District and the dissolution of Kanawha Orchard Public Service District could be deferred to the time of filing for approval of those actions by the Putnam County Commission, after such actions have been taken. The Districts also suggested that the Districts, Commission Staff, bond counsel and other interested parties meet to establish an agreed-upon procedure that will satisfy all concerned. Attached to the Districts' response to the Staff Memorandum was the letter dated September 25, 1992, from the Districts' bond counsel.

On October 13, 1992, Staff Attorney Toon filed the Staff Reply to the Districts' Response. The Staff Reply stated that Staff does not object to the entry of an order specifically approving the transaction for which approval was requested. Staff reiterated its assertion that such approval should be given in Case No. 88-343-WS-PC, since the Petitioner is seeking to comply with the County Plan and order in that case. While Staff remains unconvinced with respect to the arguments raised by the Petitioner on the other issues, Staff has no objection to a meeting to attempt to develop an agreed-upon procedure that will satisfy all concerned.

DISCUSSION

After considering the pleadings and arguments raised by the parties in this proceeding, and after reviewing the case file in Case No. 91-057-PSWD-PC, the Administrative Law Judge is of the opinion that an order should be entered herein approving the purchase by South Putnam Public Service District of the utility assets and rights of Kanawha Orchard Public Service District, as requested in the petition. The proposed purchase of the Kanawha Orchard utility assets by South Putnam Public Service District was contemplated in and a part of the management contract approved by the Commission in Case No. 91-057-PSWD-PC. Accordingly, it is reasonable to review that agreement in attempting to make an appropriate determination in this proceeding.

The management agreement ultimately approved was a revision of the agreement initially filed in Case No. 91-057-PSWD-PC, and had been revised to reflect certain concerns expressed by the Farmers' Home Administration with respect to the original management agreement. Pursuant to the agreement approved by Order which became final on March 21, 1991, effective December 21, 1990, Kanawha Orchard transferred, set over, assigned and delegated to South Putnam the responsibility for the maintenance, operation, billing, collection and all of the relevant functions pertaining to the operation of the Kanawha Orchard water system. From the effective date of the agreement, South Putnam was to be solely responsible for the operation and maintenance of the water system

to all present and future customers, with Kanawha Orchard divesting itself of all responsibility by transferring and delegating those responsibilities to South Putnam. South Putnam was to bill the customers of Kanawha Orchard pursuant to the rates and charges of Kanawha Orchard currently on file with the Commission, and was to keep accurate and complete accounting records of the billings to the Kanawha Orchard customers. South Putnam, at its expense, was to perform any and all acts necessary and authorized by the Public Service Commission relating to the collection of accounts receivable arising from providing services to those customers. Kanawha Orchard designated South Putnam as its agent to collect the accounts receivable by any lawful means that were available to Kanawha Orchard, including placing liens upon non-paying customers and terminating water supply to non-paying customers.

Pursuant to the agreement, South Putnam was to set aside, in a separate account, on a monthly basis, a sufficient amount to assure that all provisions of the Kanawha Orchard bond resolution and any other requirements of the Farmers' Home Administration were met. All monies set aside were to be used to pay the bonded indebtedness during the term of the agreement, or return to Kanawha Orchard upon the termination of the agreement prior to the complete payment of Kanawha Orchard's outstanding indebtedness to the FmHA. As of the date that the agreement was entered into, the outstanding indebtedness of Kanawha Orchard to the Farmers' Home Administration was \$552,228.95 in principal, and \$11,675.48 in interest. As of the effective date of the agreement, the next payment due on the bonded indebtedness was December 28, 1990. All revenues collected by South Putnam from Kanawha Orchard's customers not set aside or required to pay the bond indebtedness were to be used by South Putnam for the operation and maintenance of the Kanawha Orchard system. In the event that any revenues remained after payment of all operation and maintenance expenses, the excess was to be retained for repairs and replacements.

Additionally, South Putnam was to do any and all things necessary to provide adequate and proper service to the customers in the Kanawha Orchard franchise area by means of competent and efficient operation of the water system and supply. South Putnam was to be solely and exclusively responsible for the maintenance of the system, including the ordinary and necessary maintenance of meters, service lines, water mains and other capital improvements presently existing, or to be constructed by South Putnam pursuant to the agreement, in order to ensure the proper and efficient distribution of services to the customers. South Putnam was to operate and maintain the Kanawha Orchard system in accordance with all pertinent and applicable federal, state and local governmental regulations and in compliance with the covenants and agreements set forth in the Kanawha Orchard bonds documents.

Particularly pertinent to the instant proceeding, in the management agreement approved in Case No. 91-057-PSWD-PC, Kanawha Orchard Public Service District granted to South Putnam the exclusive right and option to purchase Kanawha Orchard's existing water system, together with any additions or improvements made thereto pursuant to the agreement, at a time prior to December 21, 1997, for \$1.00 consideration and the complete assumption of the outstanding indebtedness of Kanawha Orchard to the

Farmers' Home Administration. South Putnam could exercise its option by delivering a written notice of intent to exercise the option to the Chairman of the Kanawha Orchard Public Service District. Upon payment being made by South Putnam of the consideration, the assumption of any outstanding indebtedness of Kanawha Orchard to FmHA or complete satisfaction thereof, and receipt of the notice of intent, within thirty (30) days of receipt of the notice, Kanawha Orchard would deliver to South Putnam all documents necessary to transfer title in and to the water system to South Putnam. The transfer was to be made free and clear of any liens and encumbrances, except any indebtedness to the FmHA.

Also pursuant to the agreement, extensions to serve new customers on the Kanawha Orchard facilities will be the responsibility of South Putnam and were to be paid for in accordance with the Public Service Commission's Rules and Regulations for the Government of Water Utilities, as they pertain to the extension of mains. Kanawha Orchard warranted and covenanted to South Putnam that it was the sole owner of the water system located within the franchised area; that the water system is free of any liens or encumbrances, except as set forth in the agreement and those held and owned by FmHA; and that Kanawha Orchard had the full and complete authority to enter into the agreement. The agreement was scheduled to terminate at midnight, December 21, 1997, at which time South Putnam agrees to purchase and operate as part of South Putnam the Kanawha Orchard water system for \$1.00 consideration, unless South Putnam exercises its option to purchase, pursuant to Paragraph 3 of the agreement. The agreement would extend for an additional period of time to permit the transfer of the water system to South Putnam.

After reviewing the agreement approved in Case No. 91-057-PSWD-PC, and reviewing the filings and arguments raised by the parties in this proceeding, the Administrative Law Judge is of the opinion that all parties to this proceeding have mischaracterized the purpose of the transaction for which approval is requested in the instant proceeding. All parties have characterized the filing in this proceeding as being a filing in response to the approval of the Putnam County Plan in Case No. 88-343-WS-PC, in which the merger of South Putnam Public Service District and Kanawha Orchard Public Service District was required. However, in point of fact, the filing in this proceeding, while ultimately coming to the end result required in Case No. 88-343-WS-PC, is not a filing to comply with the Putnam County Plan, but, instead, is a filing to exercise the purchase option established in the management agreement approved in Case No. 91-057-PSWD-PC. Accordingly, the concerns and arguments raised by Staff with respect to reopening Case No. 88-343-WS-PC for the purpose of dealing with the transaction for which approval is requested in this proceeding, and the concerns raised by Staff regarding the necessity of any hearing at all regarding the merger and consolidation of the two Districts, are simply not relevant herein. The Order in Case No. 88-343-WS-PC, entered by the undersigned Administrative Law Judge on April 13, 1992, approved the Staff County Plan of Public Service Districts for Putnam County. However, neither the Staff County Plan nor the Recommended Decision issued by this Administrative Law Judge specifically required any particular manner of arriving at the ultimate goal of reducing Kanawha Orchard Public Service District and South Putnam Public Service District to South Putnam Public Service District. While

the purchase of the utility assets of Kanawha Orchard Public Service District was not specifically addressed or proposed in that proceeding, in light of the previous approval of the management agreement in Case No. 91-057-PSWD-PC, and since the end result of the proposed transaction would be the same as a consolidation or merger, the Administrative Law Judge is of the opinion that the filing herein represents a reasonable response and alternative means of implementing one aspect of the Putnam County Plan. The option granted to South Putnam Public Service District to purchase the utility assets of Kanawha Orchard Public Service District predates the Putnam County Plan and actions taken by South Putnam Public Service District and Kanawha Orchard Public Service District to effectuate that purchase option, as long as they are reasonable, should not be hindered by the subsequent approval of the Putnam County Plan.

The Administrative Law Judge notes that Commission Staff expressed the desire for South Putnam Public Service District to file with the Commission: (1) its plan for paying the FmHA indebtedness of Kanawha Orchard; and (2) the amount of the outstanding FmHA debt of Kanawha Orchard. The Administrative Law Judge is of the opinion that the terms for the purchase of the Kanawha Orchard assets set forth in Paragraphs 2(b) and 3 of the management agreement dated December 20, 1990, and approved in Case No. 91-057-PSWD-PC, do provide answers to the Staff request.

Accordingly, upon consideration of all of the above, the Administrative Law Judge will approve the purchase and sale agreement and transfer of authority filed in this proceeding by South Putnam Public Service District and Kanawha Orchard Public Service District on June 24, 1992. The purchase and sale and transfer of authority were fully contemplated by all parties to Case No. 91-057-PSWD-PC and the Commission and Commission Staff were fully apprised of the future intentions of the two Districts in that case and Commission Staff and the Commission approved of those intentions. The proposal appears to be reasonable and in the best interest of the customers of Kanawha Orchard Public Service District and South Putnam Public Service District. Indeed, in point of fact, the proposed transaction is simply the logical result of the current status of the operations of the two public service districts. Therefore, the purchase and sale agreement and transfer of authority will be approved, with the proviso that South Putnam Public Service District will continue to bill the Kanawha Orchard Public Service District customers and repay the Kanawha Orchard FmHA indebtedness according to the provisions of Paragraphs 2(a) and 2(b) of the management agreement approved in Case No. 91-057-PSWD-PC.

FINDINGS OF FACT

1. By Recommended Decision issued on March 1, 1991, a management agreement between South Putnam Public Service District and Kanawha Orchard Public Service District, effective December 20, 1990, was approved, which management agreement provided that Kanawha Orchard Public Service District would transfer, set over, assign and delegate to South Putnam Public Service District the responsibility for the maintenance, operation, billing, collection and all other relevant functions pertaining to the operation of the Kanawha Orchard water system,

including the set aside by South Putnam, through the revenues recovered from the Kanawha Orchard customers, of a sufficient amount to assure that all provisions of the Kanawha Orchard bond resolution and any other requirements of the Farmers' Home Administration were met. Additionally, the management agreement granted to South Putnam Public Service District the exclusive right and option to purchase Kanawha Orchard's existing water system, together with any additions or improvements made pursuant to the agreement, at a time prior to December 21, 1997, for consideration of \$1.00 and a complete assumption of the outstanding indebtedness of Kanawha Orchard to the Farmers' Home Administration, or complete satisfaction thereof. (Management agreement approved in Case No. 91-057-PSWD-PC; Recommended Decision entered March 1, 1991, in Case No. 91-057-PSWD-PC).

2. By Recommended Decision issued on April 13, 1992, in Case No. 88-343-WS-PC, a County Plan of Public Service Districts was adopted for Putnam County, pursuant to which Kanawha Orchard Public Service District and South Putnam Public Service District were to be consolidated or merged into one public service district. However, neither the Recommended Decision nor the County Plan specified a particular method by which the consolidation or merger of the two public service districts was to occur. (Recommended Decision entered April 13, 1992, Case No. 88-343-WS-PC).

3. On June 24, 1992, South Putnam Public Service District and Kanawha Orchard Public Service District filed a petition with the Public Service Commission requesting the Commission's approval of the purchase by South Putnam of the utility properties of Kanawha Orchard and for the transfer of Kanawha Orchard's authority to South Putnam. (Petition filed June 24, 1992).

4. The petition filed herein on June 24, 1992, stated that the purchase and transfer of authority was in compliance with the Recommended Decision entered April 13, 1992, but also referenced the management agreement approved in Case No. 91-057-PSWD-PC. (Petition filed June 24, 1992).

5. Commission Staff has recommended approval of the specific purchase and sale and transfer of authority. However, Commission Staff raised various procedural objections to the entry of an order approving said transaction in the instant proceeding. (Final Joint Staff Memorandum filed September 21, 1991, and attachments thereto; Reply of Staff to Petitioners' Response to Final Joint Staff Memorandum filed October 13, 1992).

CONCLUSION OF LAW

The proposed purchase by South Putnam Public Service District, and sale by Kanawha Orchard Public Service District, of the Kanawha Orchard utility assets and rights, and the transfer of the Kanawha Orchard Public Service District authority to South Putnam Public Service District, are reasonable; consistent with the Putnam County Plan approved in Case No. 88-343-WS-PC, although not specifically contemplated by said Plan; and carry out the intent of the parties and the Commission with respect to

the management agreement approved in Case No. 91-057-PSWD-PC. Accordingly, the proposed purchase and sale and transfer of authority should be approved; provided, however, that South Putnam Public Service District shall continue to bill the Kanawha Orchard Public Service District customers and repay the Kanawha Orchard Public Service District FmHA indebtedness according to the provisions of Paragraphs 2(a) and 2(b) of the management agreement approved in Case No. 91-057-PSWD-PC. Additionally, approval of the purchase and sale and transfer of authority herein shall not constitute approval of each specific term and condition thereof, so that the Staff of the Public Service Commission is free to review and, if necessary, challenge specific aspects of the implementation of the purchase and sale agreement and transfer of authority in future proceedings involving South Putnam Public Service District and Kanawha Orchard Public Service District.

ORDER

IT IS, THEREFORE, ORDERED that the petition filed by South Putnam Public Service District and Kanawha Orchard Public Service District herein on June 24, 1992, for approval of a purchase and sale agreement and transfer of authority, pursuant to which South Putnam Public Service District will purchase the utility properties of Kanawha Orchard Public Service District and assume the authority of Kanawha Orchard Public Service District in Kanawha Orchard's franchised service territory, be, and it hereby is, approved, without specifically approving the individual terms and conditions of the purchase and sale agreement, pursuant to the Commission's authority under West Virginia Code §24-2-12.

IT IS FURTHER ORDERED that South Putnam Public Service District shall continue to bill the Kanawha Orchard Public Service District customers and repay the Kanawha Orchard Public Service District Farmers' Home Administration indebtedness in accordance with the terms and conditions of Paragraphs 2(a) and 2(b) of the management agreement approved in Case No. 91-057-PSWD-PC.

IT IS FURTHER ORDERED that nothing in this decision shall be construed as a determination on the requirement of a hearing for the ultimate dissolution of Kanawha Orchard Public Service District and expansion of the boundaries of South Putnam Public Service District, to carry out the Putnam County Plan approved in Case No. 88-343-WS-PC.

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

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

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

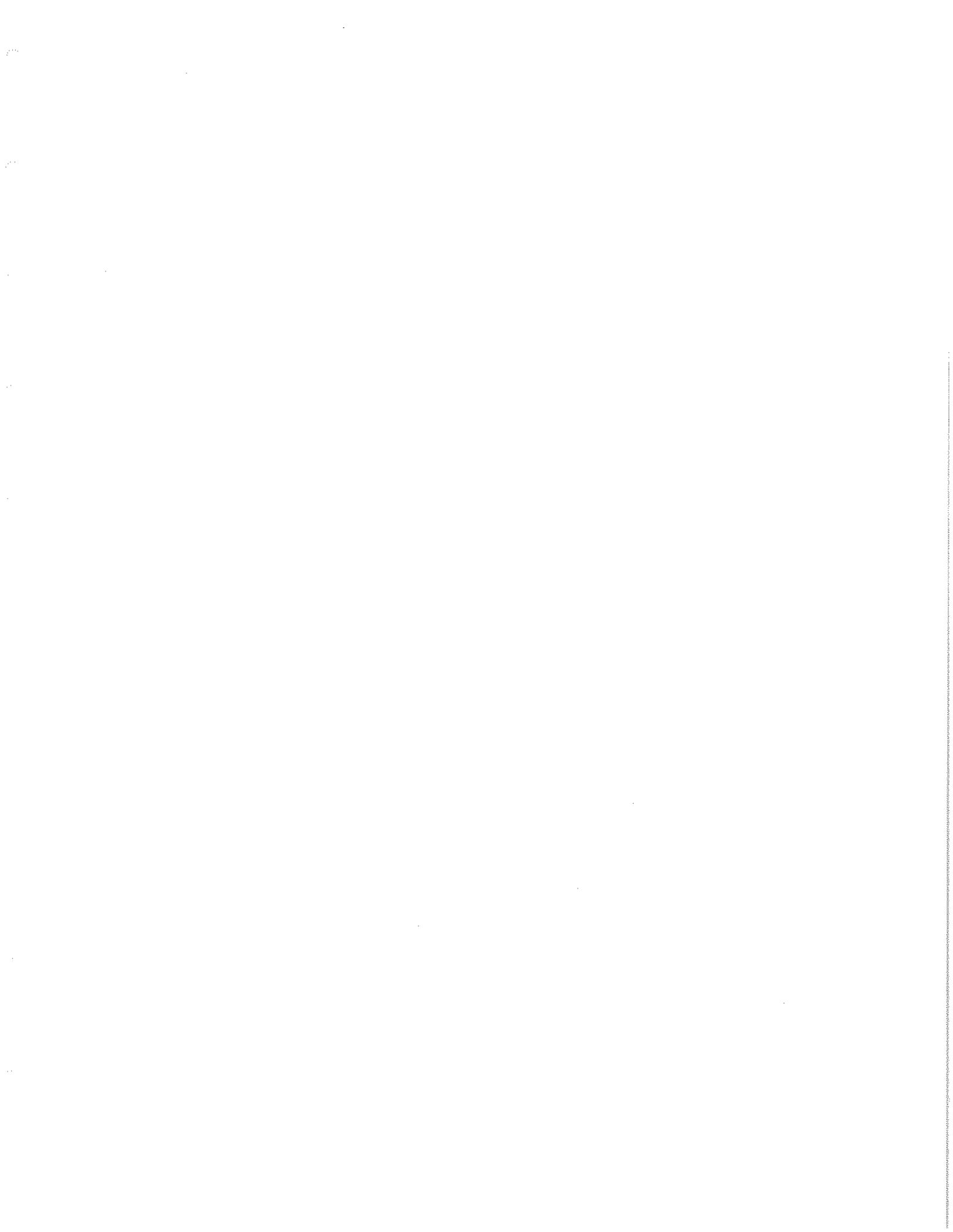
If no exceptions are so filed, this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

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



Melissa K. Marland
Chief Administrative Law Judge

MKM:cjf



DEED

THIS DEED, made this 16th day of June, 1999, by and between KANAWHA ORCHARD PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia, party of the first part, hereinafter sometimes called Grantor, and SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia, party of the second part, hereinafter sometimes called Grantee;

WHEREAS, the Grantee has heretofore offered to purchase all of the assets of the Grantor; and

WHEREAS, the Public Service Board of the Grantor has, by resolution, approved the sale of all of the assets of the Grantor to the Grantee, and said Public Service Board has authorized the Chairman of the Grantor to execute and deliver, any and all deeds, assignments, bills of sale and other instruments necessary to effect the aforesaid sale of assets.

NOW, THEREFORE, WITNESSETH, that for and in consideration of the sum of One Dollar (\$1.00), cash in hand paid by the Grantee to the Grantor, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Kanawha Orchard Public Service District, a public corporation and political subdivision of the State of West Virginia, party of the first part, does hereby grant and convey, with covenants of general warranty, unto South Putnam Public Service District, a public corporation and political subdivision of the State of West Virginia, party of the second part, all real estate owned by the Grantor and situate within Putnam County, West Virginia.

This conveyance is made expressly subject to all exceptions, reservations, easements, rights of way, covenants, conditions, restrictions, leases and other servitudes of record affecting the title to the real estate conveyed by this Deed.

The undersigned Grantor hereby declares that the transfer involved in this document is not subject to the State excise tax upon the privilege of transferring real estate because

4002

Stephane & Johnson
Dan Stump, Esquire
PO Box 1588
Chas W. Eszra

IN WITNESS WHEREOF, Kanawha Orchard Public Service District, a public corporation and political subdivision of the State of West Virginia, has caused this Deed to be executed by its Chairman and its seal to be hereunto affixed and attested by its Secretary, both of whom have been duly authorized, all as of the date first written above.

KANAWHA ORCHARD PUBLIC SERVICE DISTRICT,
a public corporation and political subdivision of the State
of West Virginia

(Corporate Seal)


Chairman

ATTEST:


Secretary

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

I, JAMES E. THOMAS, a notary public of said county, do hereby certify that, Roger Randolph who signed the Deed hereto annexed, dated the 16th day of June, 1999, on behalf of Kanawha Orchard Public Service District, a West Virginia public corporation and political subdivision, has on this 16th day of June, 1999, in my said county, before me, acknowledged this Deed to be the act and deed of said public corporation.

My commission expires December 24 2007.

MICHAEL W.
PUTNAM COL
REC'D

1999 JUN 16

BOOK 402 F

BILL OF SALE

THIS BILL OF SALE, made this 16th day of June, 1999, by and between KANAWHA ORCHARD PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia, party of the first part (the "Seller"), and SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia, party of the second part (the "Purchaser");

WHEREAS, the Purchaser has heretofore offered to purchase all of the assets of the Seller; and

WHEREAS, the Public Service Board of the Seller has, by resolution, approved the sale of all of the assets of the Seller to the Purchaser, and said Public Service Board has authorized the Chairman of the Seller to execute and deliver any and all deeds, assignments, bills of sale and other instruments necessary to effect the aforesaid sale of assets.

NOW, THEREFORE, WITNESSETH, that for and in consideration of the sum of One Dollar (\$1.00), cash in hand paid by the Purchaser to the Seller, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Seller does hereby sell, assign, transfer, set over and deliver to Purchaser all inventory, machinery, equipment, supplies, goods, furniture, fixtures, accounts receivable, choses in action and other personal property, tangible or intangible, wherever situate, owned by the Seller, including, but not limited to, the personal property described in EXHIBIT A attached hereto as a part hereof.

The Seller covenants, warrants and certifies that said personal property is free and clear from all liens and encumbrances; that Seller has good and marketable title to said personal property and has the right to sell the same; and that Seller will warrant and defend the same against all lawful claims.

IN WITNESS WHEREOF, Kanawha Orchard Public Service District, a public corporation and political subdivision of the State of West Virginia, has caused this Bill of Sale to be executed by its Chairman, and its seal to be hereunto affixed and attested by its Secretary, both of whom have been duly authorized, all as of the date first written above.

KANAWHA ORCHARD PUBLIC SERVICE DISTRICT
a public corporation and political subdivision of the State
of West Virginia

(Corporate Seal)


Chairman

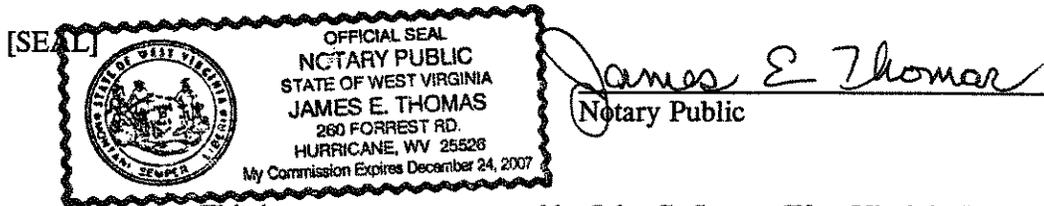
ATTEST:


Secretary

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

I, JAMES E THOMAS, a notary public of said county, do hereby certify that, Roger Randolph, who signed the Bill of Sale hereto annexed, dated the 16th day of June, 1999, on behalf of Kanawha Orchard Public Service District, a public corporation and political subdivision of the State of West Virginia, has on this 16th day of June, 1999, in my said county, before me, acknowledged this Bill of Sale to be the act and deed of said public corporation.

My commission expires December 24 2007



This instrument was prepared by John C. Stump, West Virginia State Bar No. 6385, Steptoe & Johnson, Charleston, West Virginia 25301.

06/14/99
847280/98003

EXHIBIT A

KANAWHA ORCHARD PUBLIC SERVICE DISTRICT
LIST OF PERSONAL PROPERTY

PIPE

3/4" Pipe	15,942
2" Pipe	17,463
3" Pipe	13,290
4" Pipe	31,847
6" Pipe	26,714
8" Pipe	35,071
12" Pipe	1,125

WATER METERS

5/8	756
3/4	25
1	3
1 1/2	4

WATER STORAGE TANKS

200,000 gallons
50,000 gallons

ASSIGNMENT OF RIGHTS OF WAY, EASEMENTS AND PERMITS

THIS ASSIGNMENT OF RIGHTS OF WAY, EASEMENTS AND PERMITS is made and entered into as of the 16th day of June, 1999, by and between KANAWHA ORCHARD PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Assignor"), and SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Assignee");

WITNESSETH:

WHEREAS, the Assignee has heretofore offered to purchase all of the assets of the Assignor; and

WHEREAS, the Public Service Board of the Assignor has, by resolution, approved the sale of all of the assets of the Assignor to the Assignee, and said Public Service Board has authorized the Chairman of the Assignor to execute and deliver any and all deeds, assignments, bills of sale and other instruments necessary to effect the aforesaid sale of assets.

NOW, THEREFORE, WITNESSETH, that for and in consideration of the sum of One Dollar (\$1.00), cash in hand paid by the Assignee to the Assignor, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Assignor and the Assignee agree as follows:

1. Assignor hereby assigns, transfers, conveys and sets over to Assignee all of its right, title and interest in, to and under any and all rights of way, easements, leasehold estates and other interests and/or estates in real property owned by Assignor and situate in Putnam County, West Virginia (collectively, the "Easements").
2. Assignee hereby assumes all of the obligations and liabilities of Assignor

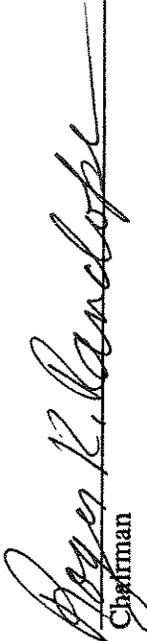
282

#8583

Victor J. ...
John Stump Esquire
P.O. Box 1588
Charleston WV 25326

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, by their respective officers thereunto duly authorized, all as of the date first written above.

KANAWHA ORCHARD PUBLIC SERVICE DISTRICT
a public corporation and political subdivision of the State
of West Virginia


Chairman

(Corporate Seal)

ATTEST:


Secretary

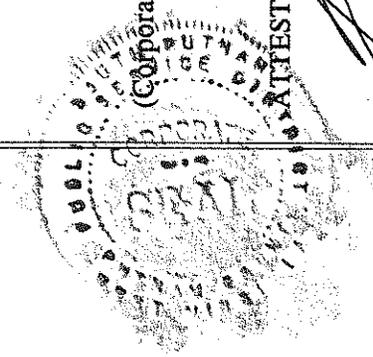
SOUTH PUTNAM PUBLIC SERVICE DISTRICT,
a public corporation and political subdivision of the State
of West Virginia


Chairman

(Corporate Seal)

ATTEST:


Secretary



Assignment

BOOK 29 PAGE 487

1999 JUN 16 P 12:50

MICHAEL W. ELLIOTT
PUTNAM COUNTY N.Y.
RECORDED

ASSIGNMENT OF JUDGEMENTS

THIS ASSIGNMENT OF JUDGEMENTS is made and entered into as of the 16th day of June, 1999, by and between KANAWHA ORCHARD PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Assignor"), and SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Assignee");

WITNESSETH:

WHEREAS, the Assignee has heretofore offered to purchase all of the assets of the Assignor; and

WHEREAS, the Public Service Board of the Assignor has, by resolution, approved the sale of all of the assets of the Assignor to the Assignee, and said Public Service Board has authorized the Chairman of the Assignor to execute and deliver any and all deeds, assignments, bills of sale and other instruments necessary to effect the aforesaid sale of assets.

NOW, THEREFORE, WITNESSETH, that for and in consideration of the sum of One Dollar (\$1.00), cash in hand paid by the Assignee to the Assignor, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Assignor and the Assignee agree as follows:

1. Assignor hereby assigns, transfers, conveys and sets over to Assignee all of its right, title and interest in and to any and all judgements obtained in the course of collecting debts due Kanawha Orchard Public Service District (collectively, the "Judgements").
2. Assignee hereby assumes all of the obligations and liabilities of Assignor arising under the Judgements.

John Stump, Esq.
P.O. Box 1588
Charleston WV 25320

70001

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, by their respective officers thereunto duly authorized, all as of the date first written above.

KANAWHA ORCHARD PUBLIC SERVICE DISTRICT,
a public corporation and political subdivision of the State
of West Virginia

(Corporate Seal)


Chairman

ATTEST:

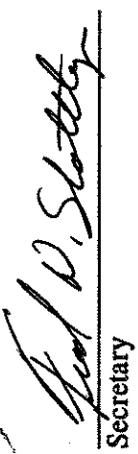

Secretary

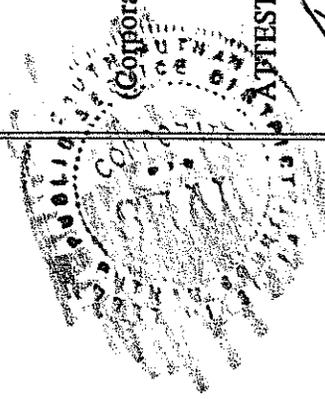
SOUTH PUTNAM PUBLIC SERVICE DISTRICT,
a public corporation and political subdivision of the State
of West Virginia

(Corporate Seal)


Chairman

ATTEST:

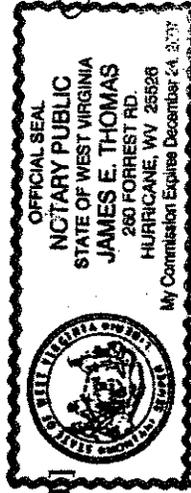

Secretary



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

I, JAMES E. THOMAS, a notary public of said county, do hereby certify that, Roger Randolph, who signed the writing hereto annexed, dated the 16th day of June, 1999, on behalf of Kanawha Orchard Public Service District, a public corporation and political subdivision of the State of West Virginia, has on this 16th day of June, 1999, in my said county, before me, acknowledged said writing to be the act and deed of said public corporation.

My commission expires December 24, 2007.



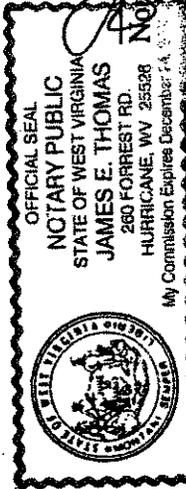
[SEAL]

James E Thomas
Notary Public

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

I, JAMES E. THOMAS, a notary public of said county, do hereby certify that, Carl Coffman, II, who signed the writing hereto annexed, dated the 16th day of June, 1999, on behalf of South Putnam Public Service District, a public corporation and political subdivision of the State of West Virginia, has on this 16th day of June, 1999, in my said county, before me, acknowledged said writing to be the act and deed of said public corporation.

My commission expires December 24, 2007.



[SEAL]

James E Thomas
Notary Public

Assignment

BOOK PAGE 29

1999 JUN 16 P 12:50

MICHAEL W ELLIOTT
PUTNAM COUNTY N.Y.
RECORDED

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1998 A and Series 1998 B
(West Virginia Water Development Authority)

RECEIPT OF UNITED STATES DEPARTMENT OF AGRICULTURE,
RURAL UTILITIES SERVICE

The undersigned, duly authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of itself and the United States of America, as holder of the following Water Revenue Bonds of Kanawha Orchard Public Service District; (i) Water Revenue Bonds, Series 1966, dated August 30, 1966, issued in the original aggregate principal amount of \$106,000; and (ii) Water Revenue Bonds, Series 1989, dated June 28, 1989, issued in the original aggregate principal amount of \$525,000 (collectively, the "Prior Bonds"), hereby acknowledges receipt of the sum of \$524,964.95 from the South Putnam Public Service District, as payment in full of the outstanding principal of, and interest on, the Prior Bonds.

WITNESS my signature on this 16th day of June, 1999.

UNITED STATES DEPARTMENT OF
AGRICULTURE, RURAL UTILITIES SERVICE



Its Duly Authorized Representative

06/14/99
847280/98003

CH324095.1

[RESERVED]

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1999 A and Series 1999 B
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

Putnam County Bank, a state banking corporation, in Hurricane, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of South Putnam Public Service District (the "Issuer"), adopted June 15, 1999, and a Supplemental Resolution of the Issuer adopted June 15, 1999 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 1999 A and Series 1999 B (West Virginia Water Development Authority), both dated June 16, 1999, in the respective principal amounts of \$6,440,000 and \$5,425,000 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature this 16th day of June, 1999.

PUTNAM COUNTY BANK



Its President

06/14/99
847280/98003

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

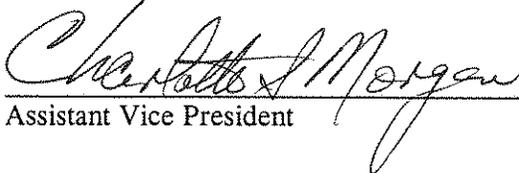
Water Revenue Bonds, Series 1999 A and Series 1999 B
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association, in Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the South Putnam Public Service District Water Revenue Bonds, Series 1999 A and Series 1999 B (West Virginia Water Development Authority), each dated June 16, 1999, in the respective principal amounts of \$6,440,000 and \$5,425,000 (collectively, the "Bonds"), and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 16th day of June, 1999.

ONE VALLEY BANK, NATIONAL
ASSOCIATION


Assistant Vice President

06/12/99
847280/98003

CH323848.1

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

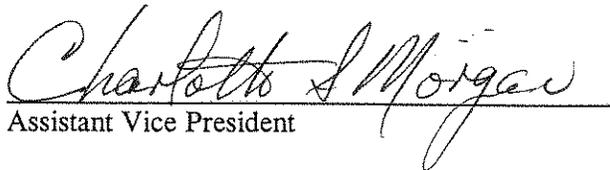
Water Revenue Bonds, Series 1999 A and Series 1999 B
(West Virginia Water Development Authority)

CERTIFICATE OF REGISTRATION OF SERIES 1999 A
AND SERIES 1999 B BONDS

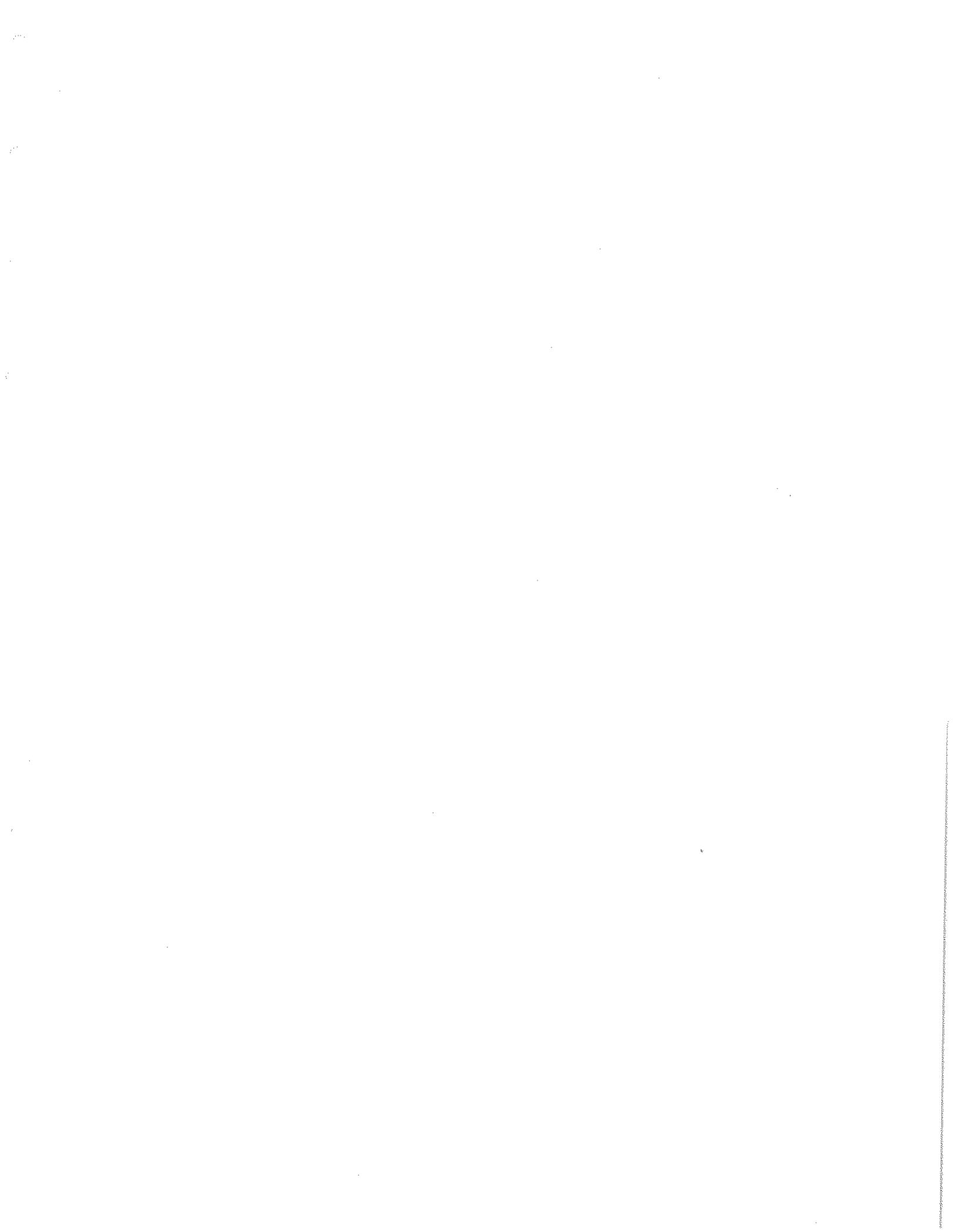
ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association, in Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned bonds of South Putnam Public Service District (the "Issuer"), hereby certifies that on the day hereof, the single, fully registered South Putnam Public Service District Water Revenue Bond, Series 1999 A (West Virginia Water Development Authority), of the Issuer, dated June 16, 1999, in the principal amount of \$6,440,000, numbered AR-1 and the single, fully registered South Putnam Public Service District Water Revenue Bond, Series 1999 B (West Virginia Water Development Authority), in the principal amount of \$5,425,000, numbered BR-1, were registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 16th day of June, 1999.

ONE VALLEY BANK, NATIONAL
ASSOCIATION


Assistant Vice President

06/14/99
847280/98003



REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 16th day of June, 1999, by and between SOUTH PUTNAM PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$6,440,000 Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority) and \$5,425,000 Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), both in fully registered form (collectively, the "Bonds"), pursuant to a Bond Resolution of the Issuer adopted June 15, 1999, and a Supplemental Resolution of the Issuer adopted June 15, 1999 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from

gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:	South Putnam Public Service District
	P.O. Box 147
	Scott Depot, West Virginia 25560
	Attention: Chairman

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

IN WITNESS WHEREOF, SOUTH PUTNAM PUBLIC SERVICE DISTRICT and ONE VALLEY BANK, NATIONAL ASSOCIATION, have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first written above.

SOUTH PUTNAM PUBLIC SERVICE
DISTRICT



Chairman

ONE VALLEY BANK, NATIONAL
ASSOCIATION



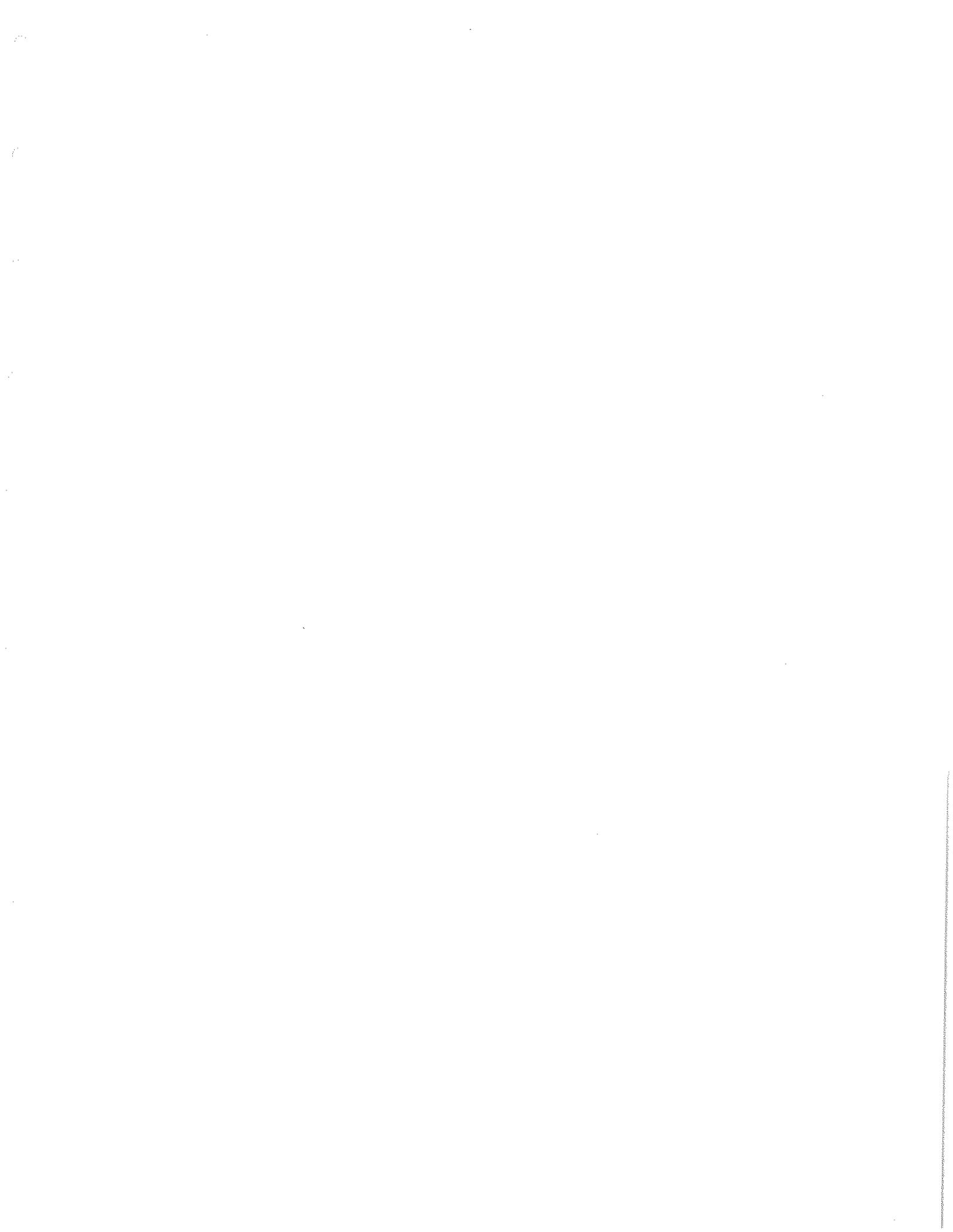
Assistant Vice President

06/14/99
847280/98003

EXHIBIT A

Bond Legislation included in transcript as Documents No. 1 and 2

SCHEDULE OF COMPENSATION



Customer # 40096
Renewal # NEW

ON DEMAND
Acct No 14-1316-5

No. 88707 \$250,000.00



Hurricane, W. Va. OCTOBER 30, 1997 19 97

DEMAND after date, I promise to pay to
the order of Putnam County Bank

TWO HUNDRED FIFTY THOUSAND AND 00/100 - - - Dollars

Negotiable and
payable at

PUTNAM COUNTY BANK

Hurricane,
West Virginia

with interest @ ~~5%~~ ~~PER ANNUM~~ ~~SEE RATE~~

The maker and endorser of this Note hereby warrant, presentment, demand and notice of dishonor.

P O BOX 147
SCOTT DEPOT, WV 25560

SOUTH PUTNAM PUBLIC SERVICE DISTRICT

Tom Yeager
Carl S. Coffey

WATER SYSTEM UPGRADE PROJECT

06/11/99

SOUTH PUTNAM PUBLIC SERVICE DISTRICT
Name DISTRICT
Loan No. 40096188707
COMMITTED 250,000.00
Balance Forward \$

Payments on Principal Balance Due
10-30-97 \$ 115,000.00 115,000.00

10-30-97 \$ 121,000.00 \$ 242,000.00
11-23-97 \$ 200.00 \$ 242,200.00

Date	Principal	Balance Due
10-30-97	\$ 115,000.00	\$ 115,000.00
11-23-97	\$ 200.00	\$ 242,200.00
12-27-97	\$ 200.00	\$ 242,400.00
01-30-98	\$ 200.00	\$ 242,600.00
02-27-98	\$ 200.00	\$ 242,800.00
03-27-98	\$ 200.00	\$ 243,000.00
04-27-98	\$ 200.00	\$ 243,200.00
05-27-98	\$ 200.00	\$ 243,400.00
06-27-98	\$ 200.00	\$ 243,600.00
07-27-98	\$ 200.00	\$ 243,800.00
08-27-98	\$ 200.00	\$ 244,000.00
09-27-98	\$ 200.00	\$ 244,200.00
10-27-98	\$ 200.00	\$ 244,400.00
11-27-98	\$ 200.00	\$ 244,600.00
12-27-98	\$ 200.00	\$ 244,800.00
01-27-99	\$ 200.00	\$ 245,000.00
02-27-99	\$ 200.00	\$ 245,200.00
03-27-99	\$ 200.00	\$ 245,400.00
04-27-99	\$ 200.00	\$ 245,600.00
05-27-99	\$ 200.00	\$ 245,800.00
06-27-99	\$ 200.00	\$ 246,000.00
07-27-99	\$ 200.00	\$ 246,200.00
08-27-99	\$ 200.00	\$ 246,400.00
09-27-99	\$ 200.00	\$ 246,600.00
10-27-99	\$ 200.00	\$ 246,800.00
11-27-99	\$ 200.00	\$ 247,000.00
12-27-99	\$ 200.00	\$ 247,200.00
01-27-00	\$ 200.00	\$ 247,400.00
02-27-00	\$ 200.00	\$ 247,600.00
03-27-00	\$ 200.00	\$ 247,800.00
04-27-00	\$ 200.00	\$ 248,000.00
05-27-00	\$ 200.00	\$ 248,200.00
06-27-00	\$ 200.00	\$ 248,400.00
07-27-00	\$ 200.00	\$ 248,600.00
08-27-00	\$ 200.00	\$ 248,800.00
09-27-00	\$ 200.00	\$ 249,000.00
10-27-00	\$ 200.00	\$ 249,200.00
11-27-00	\$ 200.00	\$ 249,400.00
12-27-00	\$ 200.00	\$ 249,600.00
01-27-01	\$ 200.00	\$ 249,800.00
02-27-01	\$ 200.00	\$ 250,000.00

INTEREST ENDORSEMENT

Date	Principal	Balance Due
DEC 1 '97	\$ 115,000.00	\$ 115,000.00
DEC 30 '97	\$ 115,000.00	\$ 115,000.00
JAN 27 '98	\$ 115,000.00	\$ 115,000.00
FEB 27 '98	\$ 115,000.00	\$ 115,000.00
MAR 27 '98	\$ 115,000.00	\$ 115,000.00
APR 27 '98	\$ 115,000.00	\$ 115,000.00
MAY 27 '98	\$ 115,000.00	\$ 115,000.00
JUN 27 '98	\$ 115,000.00	\$ 115,000.00
JUL 27 '98	\$ 115,000.00	\$ 115,000.00
AUG 27 '98	\$ 115,000.00	\$ 115,000.00
SEP 27 '98	\$ 115,000.00	\$ 115,000.00
OCT 27 '98	\$ 115,000.00	\$ 115,000.00
NOV 27 '98	\$ 115,000.00	\$ 115,000.00
DEC 27 '98	\$ 115,000.00	\$ 115,000.00
JAN 27 '99	\$ 115,000.00	\$ 115,000.00
FEB 27 '99	\$ 115,000.00	\$ 115,000.00
MAR 27 '99	\$ 115,000.00	\$ 115,000.00
APR 27 '99	\$ 115,000.00	\$ 115,000.00
MAY 27 '99	\$ 115,000.00	\$ 115,000.00

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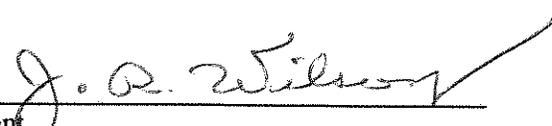
June 16, 1999

South Putnam Public Service District
Water Revenue Bonds, Series 1999 A and Series 1999 B
(West Virginia Water Development Authority)

TO WHOM IT MAY CONCERN:

The undersigned PRESIDENT of the Putnam County Bank, the present holder of the Series 1997 Note, as hereinafter defined, (i) hereby consents to the issuance of the Water Revenue Bonds, Series 1999 A and Series 1999 B (the "Series 1999 Bonds"), by South Putnam Public Service District (the "Issuer"), in the original aggregate principal amount of \$6,440,000 and \$5,425,000, respectively, under the terms of the resolution authorizing the Series 1999 Bonds (the "Series 1999 Resolution"), senior and prior, as to liens, pledge and source of and security for payment, and in all respects, the Issuer's Water System Note, Series 1997, dated October 30, 1997, issued in the original aggregate principal amount of not to exceed \$250,000 (the "Series 1997 Note"); (ii) hereby waives any requirements imposed by the Series 1997 Note and the resolutions authorizing the Series 1997 Note, if any (the "Prior Resolution"), regarding the issuance of senior bonds which are not met by the Series 1999 Bonds; and (iii) hereby consents to any amendments made to the Prior Resolution and other documents related to the Series 1997 Note, if any, by the Series 1999 Resolution.

PUTNAM COUNTY BANK



President

06/14/99
847280/98003

CH324046.1

Putnam County Commission

335 W. MAIN ROAD
WINNERSVILLE, WV 25213

COMMISSIONERS

STEPHEN HODGES
JAMES H. CARUTHERS, JR.
CLINTON E. BEAVER

October 21, 1998

RECEIVED

OCT 26 1998

PHONE: 586-0201
586-0211
FAX: 586-0239

SOUTH PUTNAM P.S.D.

Mr. Fred Stottlemyer
South Putnam Public Service District
P.O. Box 147
Scott Depot, WV 25560

Re: Peach Ridge/Hurricane Creek Water Project

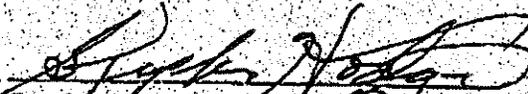
Dear Mr. Stottlemyer:

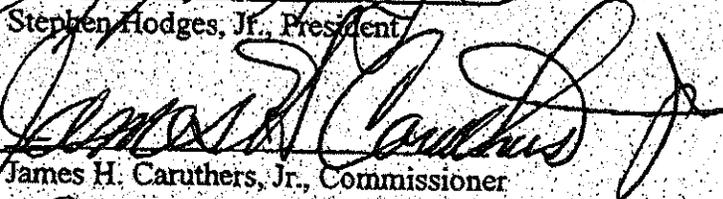
The Putnam County Commission is pleased to inform you the Commission has allotted funds in the amount of \$50,000.00 to match the state's \$50,000.00 contribution to the Peach Ridge/Hurricane Creek water project.

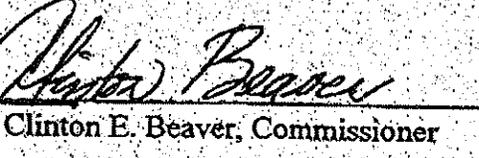
The funds will be forwarded to South Putnam Public Service District upon certification of the project completion. We look forward to a successful conclusion of this undertaking which will benefit the residents of this area.

Please feel free to contact our office if you have questions.

Sincerely,


Stephen Hodges, Jr., President


James H. Caruthers, Jr., Commissioner


Clinton E. Beaver, Commissioner

PCC:bb

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OSHEL B. CRAIGO
CHAIRMAN

THE SENATE OF WEST VIRGINIA
COMMITTEE ON FINANCE
CHARLESTON 25305

ROOM 465, STATE CAPITOL
(304) 357-7880

February 6, 1998

Mr. Fred Stottlemeyer
General Manager
South Putnam Public Service District
P.O. Box 147
Scott Depot, WV 25560

Dear Fred:

Thank you for attending the January 29, 1998 meeting at the Hurricane Town Hall. I was very pleased with the results of the first meeting and especially the impressive turnout of people from Peach Ridge as well as representatives of the County Commission, City of Hurricane, South Putnam Public Service District and West Virginia American Water Company. I am very happy to be of help with this much needed project and will commit to appropriate \$50,000 from the Budget Digest to match the contribution made by the County.

The next meeting to discuss this project has been scheduled for Friday, February 27, 1998, 7:00 p.m. at the Hurricane Town Hall. I hope you will be able to attend this important meeting. In the meantime, please don't hesitate to call me if you have any questions or concerns.

Sincerely,

Oshel B. Craigo
Senate Finance Chairman

OBC/mjd

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ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto the Bank of New York, New York, New York, the Water Revenue Bonds, Series 1999 A (West Virginia Water Development Authority), of South Putnam Public Service District, in the principal amount of \$6,440,000, numbered AR-1, dated June 16, 1999, standing in the name of the West Virginia Water Development Authority on the books of said Issuer.

WITNESS my signature on this 16th day of June, 1999.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Barbara B Meadows
Authorized Representative

06/15/99
847280/98003

CH324206.1

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ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto the Bank of New York, New York, New York, the Water Revenue Bonds, Series 1999 B (West Virginia Water Development Authority), of South Putnam Public Service District, in the principal amount of \$5,425,000, numbered BR-1, dated June 16, 1999, standing in the name of the West Virginia Water Development Authority on the books of said Issuer.

WITNESS my signature on this 16th day of June, 1999.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Barbara B. Meadows
Authorized Representative

06/15/99
847280/98003

CH324202.1

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