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$839,000
SHADY SPRING PUBLIC SERVICE DISTRICT
SEWER SYSTEM REVENUE BONDS,
SERIES 1998B

JOHN T. POFFENBARGER
BANK ONE CENTER, SUITE 910
CHARLESTON, WEST VIRGINIA 25301

TRANSCRIPT LIST

$839,000
SHADY SPRING PUBLIC SERVICE DISTRICT
SEWER SYSTEM REVENUE BONDS,
SERIES 1998B

Closing: December 17, 1998

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EST VIRGINIAr

At a regular session of the County Court of Raleigh County, West Virginia, held on he 5th day of May, 1959 in the County Courtroom of the Court House.

PRESENT: H. G. Farmer, President,
A. J. Lilly, Commissioner,
John C. Ward, Commissioner.

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E: PUBLIC SERVICE DISTRICT. SHADY SPRINGS DISTRICT 1.

This being the date fixed by prior action of the County Court for conducting the pub- earing on the creation of the proposed Shady Springs Public Service District No. 1 as mplated and provided for in an order heretofore passed by this court on the 7th day of , 1959, the president announced that all persons residing in, or owning, or having any est in property in such proposed public service district desiring to be heard for or st the creation would be heard, and all such interested persons desiring to be heard were full opportunity. Among those present at the meeting were Mr. Bern Wright, director e State Water Commission, and G. O. Fortney, chief engineer with the State Health De- ent. Both said their departments are "very happy" to see the people take it upon them- s to rid their communities of health hazards such as inadequate sewers.

The County Court, having further discussed and considered the feasibility of the ion of the proposed district, is of the opinion that in the public interest, the said ict should be created.

Thereupon, John C. Ward, Commissioner moved the passage of the following resolution rder, which motion was duly seconded by A. J. Lilly, Commissioner, and passed unanimously

NOW, THEREFORE, Be it Resolved and Ordered by the County Court of Raleigh County, West ginia, as follows:

"SECTION 1. That the said court hereby finds and determines that the following per- s, who are residents of Shady Springs Public Service District No. 1 are hereby appointed bers of the public service board of said district, and their respective terms of office ll be as follows: J. L. Lilly for a term of six years from May 1, 1959; A. G. Wilcox,Sr. a term of four years from May 1, 1959; and Wiley Shepherd for a term of two years from 1, 1959.

"SECTION 2. The aforesaid persons shall meet as soon as practicable at the office of Clerk of said County Court, and shall qualify by taking the oath of office, and there- er said appointees constituting the initial public service board of Shady Springs Public vice District No. 1 shall meet and organize in compliance with the provisions of Article of Chapter 16 of the Code of West Virginia."

-o-

E: VACATION PROCEEDINGS.

The clerk of this Court presented vacation proceedings had by said Clerk in his office e the last session of the Court held on the 7th day of April, 1959, said proceedings ng from April 8th,1959 to April 20th, 1959, inclusive, and no objections having been made he same and none appearing to the Court the same are hereby approved and confirmed.

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It is ordered that Court be adjourned.

PRESIDENT.

Excl. # 1

30 / 115

EST VIRGINIA:

At a regular session of the County Court of Raleigh County, West Virginia held at he Court House thereof on the 3rd day of March, 1959.

P R E S E N T: H. G. Farmer, President,
A. J. Lilly, Commissioner,
John C.Ward, Commissioner.

-o-

RE: SANITARY DISTRICT BOARD -SHADY SPRING DISTRICT.

Mr. W. H. File and Mr. Lowell Lilly appeared representing citizens of Shady Spring strict relative to a Sanitary District Board for said District. A motion was adopted by e Court that Mr. File and Mr. Lilly confer further with interested persons and that they epare a proper resolution to present to the Court for future consideration.

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WEST VIRGINIA:

At a regular session of the County Court of Raleigh County, West Virginia, held on the 7th day of April, 1959 in the County Courtroom of the Court House thereof.

P R E S E N T: H. G. Farmer, President,
A. J. Lilly, Commissioner,
John C. Ward, Commissioner.

IN RE: DISTRICT SANITARY BOARD.

Commissioner John C. Ward introduced and caused to be read a proposed resolution and order entitled:

"A Resolution and Order Proposing the Creation of a Public Service District within Raleigh County, West Virginia, and Providing for the Establishment of a Date of a Public Hearing Thereon and for Publication of a Notice of such Public Hearing;"

and moved that all rules otherwise requiring deferred consideration be suspended and the adoption of said proposed resolution and order. A. J. Lilly seconded said motion, and after due consideration the President called for a vote upon said motion with the following result:

For the Motion: H. G. Farmer, President,
A. J. Lilly, Commissioner,
John C. Ward, Commissioner

Against the motion: None

The said resolution and order follows:

"WHEREAS, the County Court of Raleigh County, deeming it to be in the public interest, on its own motion proposes the creation of a public service district within Raleigh County, West Virginia; and

"WHEREAS, pursuant to the provisions of Article 13A of Chapter 16 of the Code of West Virginia, a public hearing is required to be held relative to the creation of the proposed public service district:

"NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the County Court of Raleigh County, West Virginia, as follows:

"Section 1. That the County Court of Raleigh County, West Virginia, deeming it to be in the public interest, hereby proposes the creation of a public service district within Raleigh County, West Virginia, as provided by Article 13A of Chapter 16 of the Code of West Virginia.

"Section 2.

"a) The name and corporate title of said public service district shall be the Shady Springs Public Service District No. 1.

"b) The territory to be embraced in the public service district shall be as follows:

Those certain portions of Shady Springs and Town Districts of Raleigh County, West Virginia, bounded and described as follows:

"c) The purpose of said public service district shall be to construct or acquire by purchase or otherwise and maintain, operate and improve and extend properties supplying sewerage services within such territory.

"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, Code of West Virginia, nor does such territory include within its limits any city, incorporated town, other municipal corporation, or any part thereof.

"Section 3. That on the 5th day of May, 1959, at the hour of 2:00 P.M. this County Court shall meet in the County Courtroom in the courthouse at Beckley, 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 and shall have an opportunity to be heard for and against the creation of said district, and, at such hearing, the County Court shall consider and determine the feasibility of the creation of the proposed public service district.

"Section 4. That the Clerk of this Court is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out to be published on April _____, 1959, in The Raleigh Register, a newspaper of general circulation published in Raleigh County."

"NOTICE OF PUBLIC HEARING ON CREATION OF SHADY SPRINGS PUBLIC SERVICE DISTRICT NO. 1

"Notice is hereby given that deeming it to be in the public interest the County Court of Raleigh County, West Virginia, on its own motion, has proposed the creation of a public service district within Raleigh County for the purpose of [illegible] otherwise, and the maintenance, operation [illegible] of public service properties supplying sewerage services within the district hereinafter described, to be named Shady Springs Public Service District No. 1, having the following description:

Those certain portions of Shady Springs and Town Districts of Raleigh County, West Virginia, bounded and described as follows:

Beginning at the intersection of State Highway Route 22 and with its intersection of the center line of Glade Creek, said point being in the common line between Shady Springs and Richmond Districts; thence with the center line of the aforesaid Route 22 in a westerly direction to the village of Crow to its intersection with State Route 22/1; thence with the center line of State Route 22/1 approximately four-tenths of one mile to its intersection with West Virginia State Route 9, commonly referred to as the Old Grandview Road; thence with the center line of State Route 9 in a westerly direction to its intersection of West Virginia State Route 9/7, commonly referred to as the Old Worley Road; thence with the center line of State Route 9/7 in a northwesterly direction, crossing Piney River at the Old Worley Mill and continuing to its intersection with the eastern right-of-way line of the U. S. Highway 19-21 By-Pass; said right-of-way line being the corporation line of the City of Beckley, West Virginia; thence with the said City of Beckley Corporation line in a southerly direction to a point intersecting with a south-westerly extension of the common lot line between lots 37 and 38, Section 14, of the Glen Morgan Addition; thence N. 84° 00' E. with the extension and the lot line of the aforementioned lots 37 and 38, 445 feet more or less to a point in Piney River; thence with Piney River as it meanders in a southeasterly direction 950 feet to a point in the center line of the Raleigh Mine No. 7 Road where it crosses Piney River; thence leaving Piney River and with Raleigh Mine No. 7 Road in a southeasterly direction 410 feet to a point on the outside boundary line of the Glen Morgan Addition where it crosses said Raleigh Mine No. 7 Road; thence leaving said road and with the outside boundary line of the Glen Morgan Addition, S. 42° 02' W. 800 feet to a point in the Raleigh Mine No. 7 Road; thence leaving the outside boundary line and with Raleigh Mine No. 7 Road in a southwesterly direction 700 feet to its intersection with the old original Routes 19-21; thence with the old original Routes 19-21 and behind Raleigh Motor Sales in a southerly direction 700 feet to its intersection with the present Routes 3 and 19-21; thence with the center line of Routes 3 and 19-21 in a northwesterly direction 1550 feet to the point where State Route 3 was abandoned; thence along the old abandoned Route 3, in a northwesterly direction, 400 feet to a point where it intersects with the southern right-of-way line of Virginia Avenue; thence with the

southern right-of-way line of Virginia Avenue and the property lines of James P. White and Thomas W. Turner, N. 14° 00' E. 500 feet to a point where Virginia Avenue intersects Routes 19-21; thence with Routes 19-21 N. 50° 00' E. 870 feet to a point in the corporate line to the City of Beckley at the intersection of Routes 19-21 By-Pass and Routes 19-21 business route; thence continuing with the corporate line of the City of Beckley, in a general westerly direction, to its intersection with the southeast corporation line of the Town of Mabscott; thence with the said Mabscott corporation line, and with the old Soak Creek Road, in a southwesterly direction to the top of Mabscott Hill and to a steel pin at the intersection of the old Soak Creek Road and the Old Eccles Road; thence crossing State Route 16 S. 86° 05' E. 352.10 feet, by a surveyed line, to a lead plug at the intersection of the center line of West Virginia State Route 20, commonly known as the Old Fitzpatrick Road and its intersection with the Old Beckley-Crab Orchard Road; thence with the center line of State Route 20 in a southeasterly direction and passing through the village of Fitzpatrick to its intersection with the center line of State Route 18; thence with the said center line of State Route 18 in a southeasterly direction to its intersection with State Route 19/19 near Cherry Creek; thence with the said center line of State Route 19/19 and continuing in a southeasterly direction to its intersection with the center line of U. S. Routes 19-21; thence in a southerly direction with the center line of U. S. Routes 19-21 to the intersection of the center line of West Virginia State Route 31 at the village of Cool Ridge; thence continuing in a southeasterly direction with State Route 31, to its intersection with the Raleigh-Summers County line, near the Mount View Post Office; thence in a northeasterly direction and with the common line between Raleigh County and Summers County to its intersection with the Shady Springs District line and the Richmond District line; thence with the said Shady Springs and Richmond District line in a general northerly direction to the point of beginning.

"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 Raleigh County will conduct a public hearing on the 5th day of May, 1959, at 2:00 P. M. in the County Courtroom in the courthouse at Beckley, 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.

Entered of the County Court this 7th day of April, 1959.

ATTEST: C. O. Smith, Jr.
Clerk of the County Court
of Raleigh County, West Virginia"

C E R T I F I C A T I O N

I, Elinor Hurt, County Clerk of the County of Raleigh, State of West Virginia, do hereby certify that the attached is a true and accurate copy of the Minutes of the County Commission of Raleigh.

Given under my hand and seal of the County of Raleigh, State of West Virginia, this 18 day of November, 1982.

Elinor Hurt
County Clerk

RULES, REGULATIONS AND BY-LAWS OF
THE SHADY SPRING PUBLIC SERVICE DISTRICT

ARTICLE ONE

AUTHORITY

These Rules, Regulations, and By-Laws are promulgated pursuant to Article 13A of Chapter 16 of the West Virginia Code of 1931, as amended, to govern the conduct of the affairs of the Shady Spring Public Service District, a public corporation and political subdivision of the State of West Virginia, created by an Order of the Raleigh County Commission on 7 APRIL 1959.

ARTICLE TWO

PUBLIC SERVICE BOARD

The powers of the Shady Spring Public Service District shall be vested in and executed by the Public Service Board, which shall consist of five (5) members, each of whom shall reside within the geographical area covered by the Shady Spring Public Service District. Each member of the Public Service Board shall be appointed by the Raleigh County Commission, and the term of office shall be six (6) years. A vacancy for any unexpired term shall be filled by appointment by the Raleigh County Commission within thirty (30) days. The Raleigh County Commission may remove any member of the Public Service Board for consistent violation of these Rules, Regulations, and By-Laws, or of Article 13A of Chapter 16 of the Code of West Virginia, for reasonable cause which includes, but is not limited to, a continued failure to attend meetings of the board, failure to diligently pursue the objects for which the district was created, failure to perform any other duty prescribed by law, for any misconduct in office, or upon

written petition signed by twenty-five percent (25%) of the registered voters who reside within the geographical limits of the Shady Spring Public Service District.

The members of the the Public Service Board shall receive no salaries until duly authorized by the Public Service Board at a regular meeting of the Board. Each member of the Public Service Board may be reimbursed for the reasonable and necessary expenses actually incurred in performance of his duties, upon his request and upon the written resolution of the majority of the members of the Public Service Board at a regularly monthly meeting.

ARTICLE THREE

OFFICERS

SECTION ONE: At its first meeting after January 1 of each year, the Public Service Board shall organize by selecting one of its members to serve as Chairman and by appointing a Secretary and Treasurer. The Secretary and Treasurer so appointed need not be members of the Public Service Board.

SECTION TWO: The Chairman shall preside at all meetings of the Public Service Board and may vote as any other member of the Board. If the Chairman should be absent from any meeting, the remaining members may select a temporary Chairman to preside at that meeting. If the Chairman resigns as Chairman or for any reason ceases to be a member of the Public Service Board, the Public Service Board shall select one of its members as Chairman to serve until the next annual organization meeting.

SECTION THREE: The Secretary OR CHAIRMAN shall keep a written record of all proceedings of the Public Service Board which shall be available for inspection as all other public records. Duplicate records shall be filed with the Raleigh County Commission and shall include the minutes of all Board Meetings. The Secretary

shall perform such other duties appertaining to the affairs of Shady Spring Public Service District and shall receive such salaries as shall be prescribed by the Board.

SECTION FOUR: The Treasurer shall be the lawful custodian of all of the Shady Spring Public Service District funds and shall pay same out on written orders authorized or approved by the Public Service Board. The Treasurer shall perform such other duties appertaining to the affairs of the Shady Spring Public Service District and shall receive such salaries as shall be prescribed by the Board. The Treasurer shall furnish bond in an amount to be fixed by the Board for the use and benefit of the District.

SECTION FIVE: Public Service Board, the Chairman, the Secretary, and the Treasurer shall make available to the Raleigh County Commission at all times all of its books and records pertaining to the Shady Spring Public Service District's operations, finances, and affairs.

ARTICLE FOUR

MEETINGS OF THE PUBLIC SERVICE BOARD

SECTION ONE: The members of Public Service Board of this district shall hold regular monthly meetings on the ~~first~~ Third Monday of each month at 5:00 p.m. at its office in Beaver, West Virginia. 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 TWO: At any meeting of the Public Service Board of the District, ~~two~~ three members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any meeting and if a quorum is not present, those present may adjourn the meeting to a later date. No member may vote by proxy.

SECTION THREE: Notice to members by letter or by telephone shall be required for regular meetings. 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 address of each member at least four 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 meeting 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.

SECTION FOUR: The Public Service Board shall in all regards comply with the provisions of Article 9A of Chapter 6 of the West Virginia Code of 1931, as amended, with regard to notice of the time and place of all meetings of The Public Board, and these Rules, Regulations, and By-Laws incorporate herein by reference the resolution adopted by the Public Service Board on November 1, 1982, concerning compliance with Article 9A of Chapter 6 of the West Virginia Code of 1931, as amended.

SECTION FIVE: All meetings of the Public Service Board shall be open to the public.

ARTICLE FIVE

EMPLOYEES OF THE PUBLIC SERVICE BOARD

The Public Service Board may in its discretion employ a general manager, an attorney, a fiscal agent, one or more engineers, and such other employees as the Board may determine necessary and expedient, in accordance with Section Five and Six of Article 13A of Chapter 16 of the West Virginia Code of 1931, as amended.

ARTICLE SIX

AMENDMENTS TO RULES, REGULATIONS AND BY-LAWS

The Rules, Regulations and By-Laws may be altered, changed, amended, or added to at any regular or special meeting of the Public Service Board by a majority vote of the members present; but no such change, alteration, amendment, or addition shall be made at any special meeting unless notice with the intention to propose such a change, alteration, amendment, or addition and a clear statement of the substance thereof is included in the written notice calling such meeting.

SHADY SPRING PUBLIC SERVICE DISTRICT

RESOLUTION PROMULGATING RULES BY WHICH THE TIME AND PLACE OF ALL REGULARLY SCHEDULED MEETINGS AND THE TIME, PLACE AND PURPOSE OF ALL SPECIAL MEETINGS ARE MADE AVAILABLE, IN ADVANCE, TO THE PUBLIC AND NEWS MEDIA AND PROVIDING WHEN THIS RESOLUTION AND SUCH RULES SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF SHADY SPRING PUBLIC SERVICE DISTRICT:

Section 1. Statutory Mandate for These Rules. The rules established in and by this resolution are mandated by and promulgated pursuant to Article 9A, Chapter 6 of the Code of West Virginia, 1931, as last amended (herein called the "Act"), and other applicable provisions of law.

Section 2. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) Section 3 of the Act requires each governing body, as defined in the Act, to promulgate rules by which the time and place of all regularly scheduled meetings and the time, place and purpose of all special meetings are made available, in advance, to the public and new media.

(B) The Public Service Board of Shady Spring Public Service District (herein called the "Board") is a governing body within the meaning of the Act.

(C) Accordingly, it is hereby ordered that the rules set out in Section 3 hereof be promulgated and established as rules of procedure of the Board.

Section 3. Rules. The following are hereby promulgated and established as rules of procedure of the Board:

Rule No. 1. Notice of Regularly Scheduled Meetings. Within thirty (30) days after the effective date of this resolution, and on or before June 30 of each year thereafter, beginning June 1983, the Board shall post, and leave posted throughout the year to which it applies, at the place on or near the main entrance to the regular meeting place of the Board customarily used for posting similar notices and at the place in the county courthouse where notices customarily are posted, notices setting forth the times and places of the Board's regularly scheduled meetings for the ensuing fiscal year. Such notices shall be of size and style sufficient to give notice and shall be of a quality sufficient to withstand deterioration throughout the year to which they apply.

Also within thirty (30) days after the effective date of this resolution, and on or before June 30 of each year thereafter, beginning June 1983, the Board shall distribute to each of the newspapers, television stations, radio stations and other news media listed below a notice identical to those posted.

Newspapers: The Raleigh Register, Beckley, West Virginia; The Beckley Post Herald, Beckley, West Virginia.

Television Stations: WOAY-TV, Oak Hill, West Virginia.

Radio Stations: None

A notice shall be considered distributed to a news media when it has been addressed to such news media at the address listed above, or at such other address as the news media has in writing requested be used, marked or stamped with first class postage and deposted in the United States mail. In June of each year after this resolution shall take effect, the Board shall review the above list and shall amend such list as needed, in the opinion of the Board, to reflect properly all the newspapers, television stations, radio stations and other news media that customarily cover news of the area served by the Board.

In the event of any modification in the time or place of a regularly scheduled meeting of the Board, notice of such modification shall be given to the public and news media by posting at the places and distributing to the news media in the manner set forth above, not less than five (5) days prior to the date of such regularly scheduled meeting, or, if such regularly scheduled meeting has been rescheduled for an earlier time, prior to the date of such rescheduled meeting, notices setting forth such modification in the time or place of such regularly scheduled meeting. Contemporaneously with the distribution of said notices to the news media, a notice identical to that posted and distributed shall be sent to each member of the Board. A copy of such notice shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Notwithstanding the foregoing provisions, notice of the recess or recess or adjournment of a regularly scheduled meeting and of the time and place for the continuation or reconvening thereof publicly given during such regularly scheduled meeting shall be adequate notice to the public and news media of the time and place thereof.

Provided, failure of the Board to comply exactly with the posting and distribution requirements hereof shall not invalidate the actions taken at the meeting for which such notice was posted and distributed if the Board shall determine that such posting and distribution were in substantial compliance herewith.

Rule No. 2. Notice of Special Meeting. Except as provided in Rule No. 3, notice of any special meeting of the Board shall be given by posting on the door of the regular meeting place of the Board, or at the place near the main entrance to such regular meeting place customarily used for posting similar notices, not less than four (4) but not more than eight (8) days prior to the date set for such special meeting, a notice stating the time, place, including the room, if known, and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

As soon as practical after the posting of said notice, but not less than four (4) days prior to the date set for such special meeting, a notice identical to that posted shall be distributed to each of the newspapers, television stations, radio stations and other news media listed in Rule No. 1 hereof. Amendments made to such list, as provided for in said Rule No. 1, shall be incorporated by reference in this Rule No. 2. A notice shall be considered distributed to a news media when it has been addressed to such news media at the address listed in said Rule No. 1, or at such other address as the news media has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail.

Contemporaneously with the distribution of said notices to the news media, a notice identical to that posted shall be sent to each member of the Board. Also contemporaneously with the distribution of said notices to the news media, a notice identical to that posted shall be sent to the Clerk of the County Commission of Raleigh County, West Virginia, with instructions for the Clerk to post such notice at the place in the courthouse where legal notices customarily are posted. In addition, a notice identical to that posted shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Notwithstanding the foregoing provisions, notice of the recess or adjournment of any special meeting and of the time and place for the continuation or reconvening thereof publicly given during such special meeting shall be adequate notice to the public and news media of the time and place thereof, the purpose or purposes therefor remaining the same.

Provided, failure to comply exactly with the posting and distribution requirements hereof shall not invalidate the actions taken at the meeting for which such notice was posted and distributed if the Board shall determine that such posting and distribution were in substantial compliance herewith.

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

Section 4. Conflicting Provisions Repealed. All resolutions, orders and rules, or parts thereof, in conflict with the provisions of this resolution are, to the extent of such conflicts, hereby repealed.

Section 5. Effective Time. This resolution and the rules promulgated hereby shall take effect immediately upon the adoption hereof.

Adopted and entered into this 1st day of November, 1982.

CHAIRMAN

MEMBER

MEMBER

MEMBER

MEMBER

#

SPECIAL MEETING

1. Notice must be posted at the door of the regular meeting place.

2. Notice must be posted not less than four (4)days but not more than eight (8) days prior to the meeting.

3. Notice must specify the following:

    1. date set for the special meeting.

    2. time and place of the special meeting.

    3. purpose of the special meeting.

4. Business of the said special meeting shall be limited to the purposes or purpose set out in the special meeting notice.

5. Not less than four (4) days prior, a notice identical to that posted at the place for the meeting shall be distributed to (1) the newspapers and (2) the television stations in Beckley, W.Va.

6. Identical notice must be distributed to each member of the Board.

7. An identical copy of the notice must be attached to the minutes of the meeting.

County Commission of Raleigh County
Post Office Drawer AN
Beckley, West Virginia 25802-2836
(304) 255-9146 Phone (304) 255-9166 Fax

June 2, 1998

RECEIVED
JUN 04 1998

Mr. Robert G. Lilly
122 S. Kimberly Street
Shady Spring, WV 25918

Dear Mr. Lilly:

We are pleased to inform you that the County Commission, at a regular meeting on June 2, 1998, has reappointed you to the Shady Spring Public Service District and your new term will expire December 31, 2003.

Please stop by the County Clerk's office at your earliest convenience to take the oath of office.

We appreciate your past service and continued willingness to serve the citizens of Raleigh County in this manner.

Respectfully,

John D. Humphrey, President

Vernon F. Barley, Commissioner

William H. Baker, Commissioner

cc: Shady Spring PSD

228
4/22/94

WEST VIRGINIA:

AT A CONTINUTED MEETING OF THE COUNTY COMMISSION HELD ON THE 9th DAY OF APRIL, 1994, IN THE COMMISSION COURTROOM THEREOF:

P R E S E N T: Vernon Barley, President
Jack MacDonald, Commissioner
John Humphrey, Commissioner

.....

This meeting continued from the regular meeting held on the 5th of April, 1994

IN RE: SALES CONTRACT COLUMBIA FOREST PRODUCTS (SWEENYSBURG PROPERTY)

Commissioner MacDonald moved to accept the contract with Columbia Forest Products for the sum of $27,684.96, seconded by Commissioner Barley, motion carried.
(need copy)

-0-

IN RE: BRADLEY P.S.D. APPOINTMENT

Commissioner MacDonald moved to appoint Damon Sweeney to the Bradley P.S.D., seconded by Commissioner Barley, motion carried.

-0-

IN RE: SHADY SPRING P.S.D. APPOINTMENT

Commissioner MacDonald moved to reappoint Ronnie Barker to the Shady Spring P.S.D., seconded by Commissioner Humphrey, motion carried.

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Meeting adjourned until April 12, at 10 a.m.

I, BETTY RIFFE, Clerk of the County Commission of Raleigh County, West Virginia hereby certify that the foregoing is a true copy from the records of my office.

Testimony Whereof, I hereunto place my hand and affix the seal of said Commission this the 14th day of April, 1994

BETTY RIFFE, Clerk
By Betty Riffe, Deputy Clerk

Post Office Drawer A-N
Beckley, West Virginia 25802-2836
(304) 255-9146 Phone
(304) 255-9166 Fax

January 5, 1996

Mr. Joe Scheff
20 Division Lane
Beckley, WV 25801

Dear Mr. Scheff:

We are pleased to inform you that the County Commission, at a regular meeting on January 4, 1996, has reappointed you to the Shady Spring PSD and your new term will expire December 31, 2001.

Please stop by the County Clerk's office at your earliest convenience to take the oath of office.

We appreciate your past service and continued willingness to serve the citizens of Raleigh County in this manner.

Sincerely,

Jack P. MacDonald
President

John D. Humphrey
Commissioner

Vernon F. Barley
Commissioner

cc: Shady Spring PSD

RECEIVED
JAN 11 1996

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End #4
7/14/93

OATH

STATE OF WEST VIRGINIA
COUNTY OF RALEIGH } ss.

I, Robert G. Lilly, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Member of Shawnee Parkway Authority Board of Directors to the best of my skill and judgment, so help me God.

Subscribed and sworn to before the undersigned, this the 14th day of July, 1993.

Robert G. Lilly

Clerk County Commission, Raleigh County, W. Va.

Betty Biffle

Encl # 4
pg 2 of 2

OATH

STATE OF WEST VIRGINIA
COUNTY OF RALEIGH } ss.

I, J. Ray Skelton, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Shady Spring Public Service District to the best of my skill and judgment, so help me God.

J. Ray Skelton

Subscribed and sworn to before the undersigned, this the 5th day of April, 19 94

Betty Riffe
Clerk County Commission, Raleigh County, W. Va.

OATH

STATE OF WEST VIRGINIA
COUNTY OF RALEIGH } ss.

I, Ronnie Barker, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Shady Spring Public Service District to the best of my skill and judgment, so help me God.

Ronnie L Barker

Subscribed and sworn to before the undersigned, this the 11th day of April, 19 94

Clerk County Commission, Raleigh County, W. Va.

SHADY SPRING PUBLIC SERVICE DISTRICT
POST OFFICE BOX 235
BEAVER, WEST VIRGINIA 25813

MINUTES
SEMI-MONTHLY MEETING
January 5, 1998

In Attendance:

Robert G. Lilly, Chairman
Joseph Scheff, Commissioner
Lynn Long, PE. L. A. Gates Co.
Jerry D. Smith, General Manager
Ona Wickline, Office Manager
Myron Amick, Engineer, L. A. Gates Co.

1. This duly called semi-monthly meeting of the Shady Spring Public Service District was held in the district's office in Glen Morgan, WV, on January 5, 1998. The Chairman called the meeting to order at 5:00 PM.

2. The floor was opened for the election of officers for this calendar year. Joseph Scheff made the motion to keep the current officers in their respective seats. The motion was seconded by Ronnie Barker and unanimously carried.

3. Minutes from the last monthly meeting were approved as written. Motion for approval of the minutes was made by Joseph Scheff, seconded by Ronnie Barker and carried.

4. Lynn Long and Myron Amick of the L. A. Gates, Co. were welcomed to this meeting.

5. Old Business:

   A. The regular construction meeting held at the contractor's office today was attended by Jerry Smith. He said the contractor should have all pipe in the ground by the end of the month. Where road cuts are necessary, Ginger Whittaker has requested permission from the WVDOH to do the cuts.

   The legal advertisement for the district's application for a permit to lower the C&O Dam has been published in the local newspaper and the affidavit of publication has been sent to Brian Long of the Dam Safety Div. of Water Resources as required. The permit should be in hand by month's end.

   Four new customers at Blue Jay Lake were connected to service today; nineteen customers had previously been hooked to service. These new customers will be billed after they have been using the service for thirty days.

Lynn Long has received the approved Change Order for the pipe insulation wrap done to sewerline hanging from Sullivan Road bridge over I-64.

Contractor's Estimate No. 7 Invoices (Contracts No. 1 and No. 2) were approved for submittal to RUS. Motion to approve was made by Joseph Scheff, seconded by Ronnie Barker and carried.

B. The Skyline Dr./Lamplighter Dr./Mont Phillips project was discussed. The Mont Phillips Road area will be picked up from the back side of Glade Springs. Line construction to pick up *Mont Phillips should be ready to start in early spring if all goes well with the Glade Springs project. (See Item C below.) A public meeting will be required to be held on Mont Phillips; letters will also be needed from both the county and the state health departments expressing the severe health hazards that exist due to need for wastewater treatment for Mont Phillips Road residents.

C. The Glade Springs project was reviewed. Jerry Smith said Elbert Morton of the WVDEP will be here Wednesday, Jan. 7, 1998, to look at the district's project(s). Mr. Morton will be asked to look at three change orders for the Glade Springs project. Change order No. 1 is for replacing the 8" pipe there with 12" pipe. (The Contractor said he would do this at 10" pipe prices.) Change order No. 2 would be for running line from flat section of lines at Glade to the end of Glade Springs' property. Change order No. 3 would be for pipe construction from Glade's property line to the last home on *Mont Phillips Road. Engineering must be complete before these change orders can be approved. If Elbert Morton approves these change orders, it is expected Jack Satterfield (RUS) will do same.

Lynn Long said all reports required on the project have been received with the exception of the archaeological report.

Jerry discussed with the commissioners the price Glade Springs is expected to ask the district for the purchase of their system. He said they would possibly ask a price in the neighborhood of $545,000 plus. Glade Springs has an average monthly water consumption of 1,800,000 Gallons which would provide the district with additional monthly revenues of approximately $10,000 from the 340 customers.

Based on PSC Rule 5.03, (Av. Monthly Bill of $24.21 x 42 Months = $1,016.82) the district would pay Glade Springs $1,016.82 for each of its 340 customers of which the amount would total $345,719. In addition, the district would have to pay Glade for the costs it incurred in upgrading its system.

The Chairman stated this matter needs the action of the board. Joseph Scheff made motion to authorize the buyout of the Glade Springs system for $345,719 plus the costs Glade will have incurred on upgrading their system in compliance with SSPSD specifications; no offer will be made Glade Springs if it has not done the upgrade. The motion was seconded by Robert Lilly and unanimously carried.

D. Other old business discussed was the wastewater treatment plant upgrade project.

Among the project plan specifics discussed were the items added since the project plans were last reviewed, items which have increased the project's cost by about $200,000. Myron Amick presented a construction cost estimate based on Gate's upgrade plans/logistics for improving the wastewater treatment plant.(See Encl. 1)

Myron Amick was asked to review the costs for the sludge processing belt filter press and lime feed equipment. Costs appear excessive for these items.

Elbert Morton, of the WVDEP, will be asked to review the project plans and budgeted costs when he comes on January 7th. The district should be prepared to bid the project in January and select the contractor in February. The project's construction should be underway by spring.

No other old business was discussed.

6. New Business:

A. The board approved the invoices for the dump truck and the computer/software and other costs for submittal to the WVDEP for SRF loan funds drawdown.

B. Quoted cost responses received from two of the three certified public accountant firms solicited are not within reasonable ranges for doing fiscal year audits and annual PSC reports. One of the CPA firms doesn't have time to do the work due to just having taken on two large accounts.

C. Other new business:
Engineering costs are expected to overrun estimate for three project inspectors according to Lynn Long, project engineer for Ward Park/Tilden project.

7. There being no further business to discuss, Ronnie Barker made motion that the Meeting be adjourned. Motion was seconded by Joseph Scheff and carried. The Meeting was adjourned at 7:00 PM.

Chairman

Treasurer

Enclosure:
1. Wastewater treatment plant upgrade construction cost estimate

	Description	Quantity	Unit Price	Total
16.	UV Disinfection System			
	Equipment	L.S.	L.S.	100,000.00
	Structure	L.S.	L.S.	12,000.00
	Chlorine Tank Modifications	L.S.	L.S.	3,000.00
	Electrical	L.S.	L.S.	2,000.00
17.	Aeration and Sludge Holding Basins			
	Structure	L.S.	L.S.	300,000.00
	Diffusers and Piping	L.S.	L.S.	20,000.00
	Froth Spray System	L.S.	L.S.	4,000.00
18.	Clarifier			
	Structure	L.S.	L.S.	75,000.00
	Basic Equipment	L.S.	L.S.	70,000.00
	Algae Sweep	L.S.	L.S.	17,000.00
	Electrical	L.S.	L.S.	2,000.00
19.	Earthwork			
	Rock Excavation and Disposal	L.S.	L.S.	40,000.00
	Earth Excavation	L.S.	L.S.	30,000.00
20.	Miscellaneous Site Work			
	Pavement Replacement	L.S.	L.S.	2,000.00
	Fence Relocation	L.S.	L.S.	800.00
	Fill Drainage Ditch	L.S.	L.S.	500.00
21.	Sediment and Erosion Control	L.S.	L.S.	2,000.00
22.	Mobilization	L.S.	L.S.	20,000.00
	Subtotal			$1,469,100.00
	Contingency (10%)			146,910.00
	TOTAL			**$1,616,010.00**
				Use $1,620,000.00

Encl # Minutes 1/5/

Shady Spring Public Service District
Wastewater Treatment Plant Improvements
Construction Cost Estimate

January 5, 1998

	Description	Quantity	Unit Price	Total
1.	Force Main Relocation			
	12" DIP	270 L.F.	$ 32.00 / L.F.	$ 8,640.00
	10" DIP	30 L.F.	24.00 / L.F.	720.00
	6" DIP	95 L.F.	20.00 / L.F.	1,900.00
	Valves	4 Ea.	2,000.00 Ea.	8,000.00
	Tapping Connection	3 Ea.	3,000.00 Ea.	9,000.00
2.	Raw Wastewater Pipe			
	16" DIP	80 L.F.	42.00 / L.F.	3,360.00
3.	Modifications to Existing Headworks	Lump Sum	L.S.	5,000.00
4.	Raw Sewage Line			
	12" DIP	285 L.F.	32.00 / L.F.	9,120.00
5.	Sludge Drain Line			
	10" DIP	195 L.F.	24.00 / L.F.	4,680.00
6.	Clarifier/Aeration Basin/Digester Drains			
	12" DIP	215 L.F.	32.00 / L.F.	6,880.00
7.	Clarifier Effluent Piping			
	12" DIP	70 L.F.	32.00 / L.F.	2,240.00
8.	Wash Down System			
	3" DIP	285 L.F.	16.00 / L.F.	4,560.00
	Yard Hydrant	4 Ea.	700.00 Ea.	2,800.00
	Concrete Vault w/Drain	1 Ea.	L.S.	4,000.00
	Valves and Fittings	L.S.	L.S.	2,000.00
	Pump Relocation	L.S.	L.S.	3,000.00
9.	Overhead Air Piping			
	14" Spiral Weld Pipe	360 L.F.	55.00 / L.F.	19,800.00
	Pipe Support	10 Ea.	2,000.00 Ea.	20,000.00
	2" Air Piping	150 L.F.	10.00 / L.F.	1,500.00

	Description	Quantity		Unit Price		Total
10.	Return Sludge					
	6" DIP	130	L.F.	20.00 /	L.F.	2,600.00
	Valves	3	Ea.	2,000.00	Ea.	6,000.00
	Pumps	2	Ea.	4,000.00	Ea.	8,000.00
	Wetwells	2	Ea.	4,000.00	Ea.	8,000.00
	Electrical		L.S.		L.S.	2,000.00
11.	Control Building Addition					
	Masonry Building		L.S.		L.S.	10,000.00
	Blower, Motor and Piping		L.S.		L.S.	30,000.00
	Electrical		L.S.		L.S.	2,000.00
12.	Headworks					
	Structure		L.S.		L.S.	28,000.00
	Mechanical Screen		L.S.		L.S.	75,000.00
	Screw Compactor		L.S.		L.S.	25,000.00
	Grit Chamber		L.S.		L.S.	70,000.00
	Electrical		L.S.		L.S.	4,000.00
13.	Sludge Processing					
	Belt Filter Press		L.S.		L.S.	230,000.00
	Lime Feed Equipment		L.S.		L.S.	80,000.00
	Sludge Pump		L.S.		L.S.	16,000.00
	Belt Conveyor		L.S.		L.S.	40,000.00
	Structural		L.S.		L.S.	3,000.00
	Electrical		L.S.		L.S.	2,000.00
14.	Sludge Drying Building Modifications					
	*Insulation					
	Ventilation Equipment		L.S.		L.S.	2,000.00
	Drain Piping		L.S.		L.S.	2,000.00
	Concrete and Masonry		L.S.		L.S.	2,000.00
	Electrical		L.S.		L.S.	1,000.00
15.	Sight Lighting Improvements					
	Fixtures		L.S.		L.S.	2,000.00
	Wiring and Conduit		L.S.		L.S.	1,000.00

*Not Included

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WWTP Project

AFFIDAVIT OF PUBLICATION

BECKLEY NEWSPAPERS INC.

BECKLEY, WEST VIRGINIA 25801

OCTOBER 21, 19 98

STATE OF WEST VIRGINIA
COUNTY OF RALEIGH, to-wit:

I, Jack L. Scott, being first duly sworn upon my oath, do depose and say that I am Director of Advertising for Beckley Newspapers Inc., a corporation, publisher of the newspaper entitled The Register-Herald, an Independent newspaper; that I have been duly authorized by the board of directors of such corporation to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published daily, for at least fifty weeks during the calendar year, in the municipality of Beckley, Raleigh County, West Virginia; that such newspaper is a newspaper of "general circulation" as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price of consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices; that the annexed notice

of PUBLIC NOTICE
(Description of notice)

was duly published in said newspaper once a week for 1 successive weeks (Class I), commencing with the issue of the 21st day of OCTOBER, 1998, and ending with the issue of the 21st day of OCTOBER, 1998 (and was posted at the _____ on the _____ day of _____); that said annexed notice was published on the following dates: OCTOBER 21, 1998 and that the cost of publishing said annexed notice as aforesaid was $ 44.18.

Signed Jack L. Scott
Jack L. Scott
Director of Advertising
Beckley Newspapers

Taken, subscribed and sworn to before me in my said county this 21st day of OCTOBER, 19 98.

My commission expires MARCH 27, 2001

Diana L. Stone
Notary Public of Raleigh County, West Virginia

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DIANA L. STONE
BECKLEY NEWSPAPER
P. O. DRAWER F OR R
BECKLEY, WV 25801
My Commission Expires

R/H

COPY OF PUBLICATION

PUBLIC NOTICE
SHADY SPRING PUBLIC SERVICE DISTRICT AND OTHER PERSONS INTERESTED IN RESOLUTION FOR PROPOSED ISSUANCE OF $1,202,100 SEWER REVENUE BONDS SERIES 1998A

Pursuant to the provisions of the West Virginia Code, Chapter 8, Article 9A, Section 6, and in accordance with the provisions of West Virginia Code Chapter 16, Article 13A, as amended, you are hereby notified that a meeting of the Public Service Board (the "Board") of the Shady Spring Public Service District (the "Public Service District") will be held on the 2nd day of November, 1998, to consider for adoption a Resolution entitled "Resolution Authorizing the Construction of Certain Extensions, Additions, Betterments and Improvements to the existing public sewerage facilities of the Shady Spring Public Service District and the Cost, not otherwise provided, thereof, through the issuance by the district of $1,202,100 in aggregate principal amount of the Shady Spring Public Service District Sewerage Revenue Bond Series 1998A and the sale thereof; providing for the rights and remedies of and security for the registered owners of such bond and adopting other provisions relating thereto ("the Resolution") to authorize the issuance of Sewer Revenue Bond, Series 1998A ("the Bond") of the Public Service District in the amount of $1,202,000. The Bond will provide funds to finance the cost of the construction and extension of betterments and improvements within the Public Service District.

The entire amount of the principal of and interest on the Bond will be paid solely and only from the revenues received form operation of the wastewater treatment system of the public service district to be amortized over a period of 20 years. The Resolution provides provisions with resect to the final interest rate which may be but cannot exceed 5.00% per annum which may be finally determined therein or by supplemental resolution.

A copy of the Resolution and a copy of the plans and specifications of the proposed project are available for examination by any interested person at the Public Service District's office during regular office hours of such office which are from 8:00 AM to 4:00 PM, Monday through Friday.

The meeting will be held at Beaver, West Virginia, on the 2nd day of November, 1998, at 5:00 PM, and any person or persons interested may appear before the Board to be heard as to whether or not the Resolution shall be put into effect. All suggestions, protests and objections to the issuance of the Bond will be heard by the Board.

Dated this 19th day of October, 1998.

Shady Spring Public Service District
Raleigh County, West Virginia
Robert G. Lilly, Chairman
Ronnie L. Barker, Secretary/Treas.
10-21-Wed-1-RH

SHADY SPRING PUBLIC SERVICE DISTRICT

Sewer System Revenue Bonds, Series 1998B

EXCERPT OF MINUTES

I, Ronnie Barker, Secretary to the Shady Spring Public Service Board (the "Board") of the Shady Spring Public Service District (the "District"), hereby certify that the following is a true and correct excerpt of the minutes of the meeting of the said Board held on December 17, 1998

The Board reconvened its recessed meeting of November 2, 1998, pursuant to notice duly given, published and posted, on the 17th day of December, 1998, at the Shady Spring Public Service District Office, Beaver, Raleigh County, West Virginia, at 10:00am, prevailing time.

The Chairman announced that a quorum of members was present.

Present: Robert G. Lilly - Chairman
Ronnie Barker - Secretary/Treasurer
Joseph Scheff - Commissioner

Also present were:
Jerry D. Smith - General Manager
Ona Wickline - Office Manager
John T. Poffenbarger - Bond Counsel

Robert G. Lilly, Chairman, presided and Ronnie Barker, served as Secretary.

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

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

RESOLUTION AUTHORIZING THE ACQUISTION OF THE FACILITY AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE PUBLIC SEWERAGE FACILITY OF SHADY SPRING PUBLIC SERVICE DISTRICT AND TO FINANCE THE COST OF SUCH ACQUISTION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS AND TO PAY OTHER COSTS IN CONNECTION THEREWITH, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE OF NOT MORE THAN $900,000 IN AGGREGATE PRINCIPAL AMOUNT OF SHADY SPRING PUBLIC SERVICE DISTRICT SEWER SYSTEM REVENUE BONDS, SERIES 1998B, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SAID BONDS; RATIFYING THE LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION RELATING TO SAID BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion of Ronnie Barker, seconded by Joseph Scheff, it was unanimously ordered that said Bond Resolution be adopted and be in full force and effect on and from the date thereof.

The Chairman then presented a Supplemental Resolution, in writing, entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES, AND OTHER TERMS OF THE SHADY SPRING PUBLIC SERVICE DISTRICT SEWER SYSTEM REVENUE BONDS, SERIES 1998B; DESIGNATING A REGISTRAR, PAYING AGENT, DEPOSITORY BANK, APPROVING LOAN AGREEMENT

WITH RESPECT TO THE BOND, AND MAKING OTHER PROVISIONS AS TO THE BOND.

and caused the same to be read and there was discussion. Thereupon, on motion of Robert G. Lilly, seconded by Ronnie Barker, it was unanimously ordered that said Supplemental Resolution be adopted and be in full force and effect on and from the date thereof.

Ronnie Barker then presented a Payment Resolution, in writing, entitled:

RESOLUTION OF THE SHADY SPRING PUBLIC SERVICE DISTRICT APPROVING INVOICES RELATING TO ACQUISTION AND OTHER SERVICES FOR THE PROPOSED WASTEWATER SYSTEM PROJECT AND AUTHORIZING PAYMENT THEREOF.

and caused the same to be read and there was discussion. Thereupon, on motion of Joseph Scheff, seconded by Robert G. Lilly, it was unanimously ordered that said Payment Resolution be adopted and be in full force and effect on and from the date thereof.

I hereby certify that the foregoing action of said Board remains in full force and effect and has not been amended or appealed.

WITNESS my signature on this 17th day of December, 1998.

[SEAL]

Ronnie L Barker

Secretary, Shady Spring Public Service District

110935

SHADY SPRING PUBLIC SERVICE DISTRICT
(SRF)

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION OF THE FACILITY AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE PUBLIC SEWERAGE FACILITY OF SHADY SPRING PUBLIC SERVICE DISTRICT AND TO FINANCE THE COST OF SUCH ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS AND TO PAY OTHER COSTS IN CONNECTION THEREWITH, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE OF NOT MORE THAN $900,000 IN AGGREGATE PRINCIPAL AMOUNT OF SHADY SPRING PUBLIC SERVICE DISTRICT SEWER SYSTEM REVENUE BONDS, SERIES 1998B, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SAID BONDS; RATIFYING THE LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION RELATING TO SAID BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF SHADY SPRING PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.02. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of each Bond, or any other agency of the State that succeeds to the functions of the Authority.

"Authorized Officer" means the Chairman of the Governing Body of the Issuer or any other person duly appointed as such by the Governing Body.

"Bank" means the bank to be set forth in a resolution supplemental hereto.

"Board" means the public service board of the Issuer and shall include the membership of the Board as may hereafter be duly constituted as the legal successors to the present membership or any other authority vested with and authorized to exercise the powers of the Issuer.

"Bond" or "Bonds" means the Shady Spring Public Service District Sewerage System Revenue Bonds, Series 1998B, originally authorized hereby, and any pari passu additional bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution.

"Bondholders" "Holder of the Bonds," "Holder," "Registered Owner," "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 Register" means the books of the Issuer as hereinafter defined, maintained by the Bond Registrar as hereinafter defined for the registration and transfer of the Bonds.

"Bond Registrar" or "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.

"Certificate of Authentication and Registration" means the certificate of authentication and registration on the Bond in substantially the form set forth in the bond form contained herein.

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

"Closing Date" means the date upon which there is an exchange of the Bond for a portion of the proceeds representing the purchase of the Bond by the Authority.

"Code" means the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated pursuant thereto or any predecessors or successors thereto.

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

"Consulting Engineers" means L. A. Gates Company, Beckley, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the planning and design of sewerage systems or facilities that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" or any similar phrase means those costs described in Section 1.04G hereof to be a part of the cost of planning, design, acquisition and construction of the Project.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Series 1998B Bond, as hereinafter defined, during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment.

"Depository Bank" means a bank eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC, as hereinafter defined, which Depository Bank shall be named in the Supplemental Resolution, and any successor thereto.

"Excess Investment Earnings" means an amount equal to the sum of:

(A) The excess of

(i) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the Bonds are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings, over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings] had been equal to the Yield on the Bond, plus

(B) Any income attributable to the excess described in clause (A) of this definition of Excess Investment Earnings.

"Facility" means the Glade Springs facility to be purchased by the District, all as more fully described in Exhibit A hereto.

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

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

"Governing Body" or "Board" means the public service board of the Issuer, as it is now or may 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, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates

evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

"Gross Proceeds" means the sum of the following amounts:

(I) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Bond, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bond;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Bonds;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any prior obligations and which are deemed to become proceeds of the Bonds ratably as original proceeds of the Bonds, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the

outstanding principal of any such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds [as referenced in clauses (i) through (iii) above] of the Bonds, which are held in any fund to the extent that the Issuer reasonably expects to use such other fund to pay Debt Service;

(v) Amounts in the Reserve Accounts and in any other fund established as a reasonably required reserve or replacement fund;

(vi) Investment Property pledged as security for payment of Debt Service on the Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Bonds; and

(viii) Amounts received as a result of investing amounts described in this definition.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined), or any Tap Fees, as hereinafter defined.

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property,

excluding, however, obligations the interest on which is excluded from gross income under Section 103 of the Code for federal income tax purposes.

"Issuer" or "District" means the Shady Spring Public Service District, a public corporation and political subdivision of the State.

"Loan Agreement" means the Water Pollution Control Revolving Fund Loan Agreement dated October 23, 1998, by and among the Authority, the DEP and the Issuer providing for the purchase of the Bonds from the Issuer by the Authority which is attached as Exhibit B hereto and incorporated herein by reference.

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

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

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System, as hereinafter defined and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs of Projects, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent, other than those capitalized as part of the Costs of Projects, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Bonds" or "Bonds" means not to exceed $900,000 Shady Spring Public Service District Sewer System Revenue Bonds, Series 1998B.

"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, notices or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.08 hereof.

"Paying Agent" means the Commission.

"Prior Bonds" means the District's Sewer Revenue Bonds, Series 1982B, issued in the original principal amount of $795,515 (the "Series 1982B Bonds"), the District's Sewer Revenue Bonds, Series 1994A, issued in the original principal amount of $170,532 (the "Series 1994A Bonds") the District's Sewer Revenue Bonds, Series 1996A, issued in the original prinicpal amount of $151,800 (the "1996A Bonds,") the District's Sewer Revenue Bonds, Series 1997B, issued in the original principal amount of $179,000 (the "Series 1997B Bonds") the District's Sewer Revenue Bonds, Series 1997C Bond issued in the original principal amount of $2,500,000 (the "Series 1997C Bonds") the District's Sewer Refunding Revenue Bonds, Series 1997D issued in the original principal amount of 3,056,954.52 (the "Series 1997D Bonds"), the District's Sewer Refunding Revenue Bonds, Series 1998A issued in the original principal amount of $1,202,100 (the "Series 1998A Bonds"), and collectively with the Series 1982B Bonds, Series 1994A Bonds, the Series 1996A Bonds, the Series 1997B Bonds, the Series 1997C Bonds, the Series 1997D Bonds and the Series 1998A Bonds, (the "Prior Bonds").

"Prior Resolutions" means the District's Sewer Revenue Bonds, Series 1982B Bond Resolution adopted August 1, 1982, the District's Sewer Revenue Bonds, Series 1994A Bond Resolution adopted June 6, 1994, the District's Sewer Revenue Bonds, Series 1996A Bond Resolution adopted April 25, 1996, the District's Sewer Revenue Bonds, Series 1997B Bond Resolution adopted June 24, 1997, the District's Sewer Revenue Bonds, Series 1997C Bond Resolution adopted June 24, 1997, the District's Sewer Revenue Refunding

Bonds, Series 1997D Bond Resolution adopted June 24, 1997, and the District's Sewer Revenue Bonds, Series 1998A Bond Resolution adopted November 25, 1998 by the Board with respect to the Prior Bonds.

"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" shall mean the planning and design of certain extensions, additions, betterments and improvements to the sewerage facility program coordinated through the capitalization grants program established under the Clean Water Act and administered by the DEP.

"Project" means the acquisition of the facility and construction of certain extensions, additions, betterments and improvements to the sewerage facility by the Issuer substantially as described in Exhibit A attached hereto and incorporated herein by reference.

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

"PSC Order" means the recommended decision of the PSC in Case No. 98-0490-S-PSD-PC which grants the Issuer approval of financing.

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

(a) Government Obligations;

(b) 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; the Governmental National Mortgage Association; the Tennessee Valley Authority or the Washington Metropolitan Area Transit Authority;

(c) Any bond, debenture, note, participation certificate or other similar obligation 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;

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

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

(f) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (d) 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 paid repurchase agreements, and provided further that the owner of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

(h) Advance-Refunded Municipal Bonds.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established or continued by Section 5.01(2).

"Reserve Account" means the account in the Sinking Fund, as hereafter defined, created by Section 5.02(1)(a) hereof.

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

"Resolution" shall mean this Resolution, as from time to time amended or supplemented.

"Revenue Fund" means the Revenue Fund established or continued by Section 5.01(1).

"SRF Administrative Fee" means any administrative fee required to be paid pursuant to the Loan Agreement.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

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

"Series 1982 B Bonds" means the Sewer Revenue Bonds of Issuer described in Section 1.04(L) issued August 1, 1982, in the original amount of $795,515.

"Series 1994 A Bonds" means the Sewer Revenue Bonds of Issuer described in Section 1.04(L) issued June 8, 1994, in the original amount of $170,532.

"Series 1996A Bonds" means the Sewer Revenue Bonds of the Issuer described in Section 1.04(L) issued April 25, 1996, in the original amount of $151,800.

"Series 1997B Bonds" means the Sewer Revenue Bonds of the Issuer described in Section 1.04(L) issued June 24, 1997, in the original amount of $179,000.

"Series 1997C Bonds" means the Sewer Revenue Bonds of the Issuer described in Section 1.04(L) issued June 24, 1997, in the original amount of $2,197,304.

"Series 1997D Bonds" means the Sewer Revenue Refunding Bonds of the Issuer described in Section 1.04(L) issued June 24, 1997, in the original amount of $3,052,954.52.

"Series 1998A Bonds" means the Sewer Revenue Refunding Bonds of the Issuer described in Section 1.04(L) issued November 25, 1998, in the original amount of $1,202,100.

"Sinking Fund" mean the Sinking Fund established by Section 5.02(1) hereof.

"State" means the State of West Virginia.

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

"Surplus Revenues" means the Net Revenues not required by this Resolution or the Prior Resolutions to be set aside and held for the payment of or security for the Bonds, the Prior Bonds or any other obligations of the Issuer, including but not limited to the Renewal and Replacement Fund, the Reserve Accounts and Sinking Funds, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Projects.

"System" means the public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Issuer, and any improvements or extensions thereto, both within and without the boundaries of the District, and shall include any extensions, additions, betterments and improvements thereto, including the facility as described in Exhibit A, hereafter acquired or constructed for said sewerage system from any sources whatsoever, both within and without said District.

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

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Bond, produces an amount equal to the Purchase Price

of such Nonpurpose Investment or the Bond, all computed as prescribed in applicable Regulations.

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

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

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

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

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

Section 1.04. Findings. It is hereby found, determined and declared as follows:

A. The Issuer is a public corporation and political subdivision of the State in Raleigh County, West Virginia.

B. The Issuer presently owns and operates a public sewerage system.

C. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer, that there be acquired the facility and constructed, the Project,

consisting of certain improvements, extensions or betterments to the facility, as described in Exhibit A attached hereto at an aggregate estimated cost of not more than $900,000 in accordance with plans and specifications to be prepared by the Consulting Engineers, which plans and specifications following approval by DEP will be on file with the District.

D. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Bonds and the Prior Bonds and all sinking funds, reserve accounts and other payments provided for herein, in the Prior Resolutions and in the PSC Order.

E. The estimated maximum cost of the acquisition and construction of the Project is $900,000, which will be permanently obtained from the Bonds herein authorized. The Issuer may obtain such other grants and contributions or from other sources as may be necessary to pay Costs of the Projects.

F. The period of usefulness of the System after completion of the Projects will not be less than twenty (20) years.

G. It is deemed necessary for the Issuer to issue its sewer system revenue bonds in the aggregate principal amount of not more than $900,000 initially to be represented by a single bond, being the Shady Spring Public Service District Sewer System Revenue Bonds, Series 1998B, to permanently finance the costs of acquisition of the facility and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements, and franchises deemed necessary therefor; the cost of the acquisition of the facility and construction of said extensions, additions, betterments and improvements to the Systemm, funding the Reserve Account and any other expenses necessary, incidental, desirable or appurtenant to the acquisition and construction of the Project and such replacements as are necessary therefor; the Tap Fee; the cost of interim financing for such Project; interest on the bonds, prior to, during and for six months after the estimated date of completion of acquisition and construction of the Project; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; expenses for the service of registrars, paying agents, depositories or other agents in connection with the issuance of the Bonds, and such other expenses as may be necessary or desirable to said construction and acquisition of the project and placing the same in operation and the financing authorized by this Resolution.

H. It is in the best interests of the Issuer that the Series 1998B Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement.

I. It is in the best interest of the Issuer that the Series 1998B Bond be secured by and payable from the Net Revenues of the System on a parity with the Prior Bonds.

J. It is in the best interests of the Issuer that its Series 1998B Bonds be sold to the Authority pursuant to a Loan Agreement and made a part hereof, to take advantage of the favorable terms available to the Issuer.

K. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition of the facility and construction, operation of the Project and issuance of the Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of the PSC Order, the time for rehearing and appeal of which have expired and the written approval of the West Virginia Infrastructure and Jobs Development Council.

L. There are outstanding obligations of the Issuer which will rank either on a parity with or junior or subordinate to the Bond as to liens, pledge and source of and security for payment, which obligations are designated and have the lien positions with respect to the Bond as follows:

Designation	Lien Position
Water Development Authority - Sewer Revenue Bonds, Series 1982B dated August 1, 1982, issued in the original principal amount of $795,515 (the "Series 1982 B Bonds");	First Lien (Parity)
Water Development Authority - Sewer Revenue Bonds, Series 1994A dated June 6, 1994, issued in the original principal amount of $170,532 (the "Series 1994A Bonds");	First Lien (Parity)

Water Development Authority - Sewer Revenue Bonds, Series 1996A dated April 25, 1996, issued in the original principal amount of $151,800 (the "1996A Bonds").	First Lien (Parity)
United States Department of Agriculture Rural Utilities Service - Sewer Revenue Bonds, Series 1997B dated June 24, 1997, issued in the original prinicpal amount of $179,000 (the "Series 1997B Bonds")	First Lien (Parity)
Water Development Authority - Sewer Revenue Bonds, Series 1997C dated June 24, 1997, issued in the original principal amount of $2,197,304 (the "Series 1997C Bonds");	First Lien (Parity)
Water Development Authority - Sewer Revenue Refunding Bonds, Series 1997D dated June 24, 1997, issued in the original principal amount of $3,056,954.52 (the "Series 1997D Bonds");	First Lien (Parity)
Water Development Authority - Sewer Revenue Bonds, Series 1998A dated November 25, 1998, issued in the original principal amount of $1,202,100 (the "Series 1998A Bonds");	First Lien (Parity)

The Series 1982B Bonds, the Series 1994A Bonds, the Series 1996A Bonds, the Series 1997B Bonds, the Series 1997C Bonds, Series 1997D Bonds, and the Series 1998A Bond are hereinafter called the "Prior Bonds."

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

M. The Issuer has, by certification from an independent certified public accountant, met the parity tests of the Prior Resolutions.

ARTICLE II

AUTHORIZATION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO SYSTEM

Section 2.01. Authorization of Extensions, Additions, Betterments and Improvements. There is hereby authorized the acquisition of the facility and construction of the Project in accordance with plans and specifications prepared by the Consulting Engineers, approved by DEP and the Issuer and is on file in the office of the Board.

Prior to issuing the Bonds for the acquisition of the facility and construction of the Project, the Issuer must receive acceptable bids or enter into contracts for the acquisition of the facility and construction of the Project, compatible with the financing plan submitted to the Program.

ARTICLE III

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

Section 3.01. Authorization of Bond. For the purposes of financing a portion of the costs, not otherwise provided, of the acquisition of the facility and construction of the Project, funding a reserve account for the Bond, and paying certain costs of issuance and related costs, or any of such purposes as shall be specified in the Supplemental Resolution, there shall be issued negotiable bonds of the Issuer in an aggregate principal amount of not more than $900,000 for the Series 1998B Bond. Said Bond shall be issued as one bond to be designated "Shady Spring Public Service District Sewer System Revenue Bonds, Series 1998B." Original Bonds shall be dated as of the date of delivery thereof, shall bear such interest, shall mature at such times, not exceeding twenty-one (21) years after the date of issuance, and in such amount as shall be set out in Schedule X to the Loan Agreement and the Supplemental Resolution. The Original Bonds shall not bear interest during the acquisition and construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Bonds shall be as set forth on Schedule Y to the Loan Agreement. The Bonds shall contain such other terms, provisions, conditions and limitations, all as provided by this Resolution and the Loan Agreement and as the Governing Board of the Issuer shall prescribe by resolution (or by supplemental or amendatory Resolution of said Governing Board as said Governing Board shall determine) adopted in connection with the sale of such Bonds. The SRF 1% Administrative Fee shall be paid quarterly.

The Bonds shall be payable as to principal at the principal 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 Bonds shall be paid by check or draft mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, provided, that so long as the Authority is the owner thereof, interest on the Bonds may be paid by wire transfer or other methods satisfactory to the Issuer, the Paying Agent and the Authority.

Unless otherwise provided by the Supplemental Resolution, the Bond shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a payment record attached, representing the aggregate principal amount, and shall mature in principal installments, all as provided in the Loan Agreement and said

Supplemental Resolution. Bonds shall be exchangeable at the option and expense of the Bondholder for other fully registered Bond in aggregate principal amount equal to the amount of said Bonds then Outstanding, 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 may be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. Said Bonds shall be dated as of the date specified in said Supplemental Resolution and shall bear interest from such date.

Section 3.02. [Reserved]

Section 3.03. Additional Terms of Bond. In addition to the terms set forth in Section 3.01 hereof and in anticipation of the sale of the Bonds to the Authority, the District covenants that the Bonds shall comply in all respects with the provisions of the Loan Agreement and of any resolution of the Authority and/or DEP.

Section 3.04. Execution of Bond. The 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-Treasurer. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 1998B Bond has not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.05. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution 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 such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.06. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder in accepting any of said 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, and each successive Holder shall further be conclusively deemed to have agreed that said Bond shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Bonds remain Outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

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

In all cases in which the privilege of exchanging the Bonds or transferring the Bonds is exercised, the Bonds shall be delivered in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Bond, 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 obligated to make any such exchange or transfer of the Bonds during the period commencing on the fifteenth day of the month 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 the Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.07. 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 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 proof of its ownership thereof and 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.

Any such duplicate Bonds issued pursuant to this Section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bonds be at any time found by anyone, and such duplicate bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of security for payment from the revenues pledged herein with all other bonds issued hereunder.

Section 3.08. Bonds not to be Indebtedness of the Issuer. The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Reserve Account. No Holder or Owners of any of the Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Bonds or the interest thereon.

Section 3.09. Bonds Secured by Pledge of Net Revenues. The payment of the debt service on all the Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System and Facility on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Prior Bonds and the Bonds and to make the payments into the Sinking Funds, the Reserve Account herein and in the Renewal and Replacement Fund hereinafter continued or established and to make the payments requested by this Resolution, the Prior Resolutions, and are hereby irrevocably pledged to the payment of the principal of and any interest on the Bonds as the same become due.

Section 3.10. Form of Series 1998B Bond. The text of the Series 1998B Bond shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof.

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SHADY SPRING PUBLIC SERVICE DISTRICT
SEWER SYSTEM REVENUE BOND, SERIES 1998B

No. R-1 $839,000

KNOW ALL MEN BY THESE PRESENTS: That SHADY SPRING PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Raleigh 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 $839,000 or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in installments on the 1st day of June, the 1st day of September, the 1st day of December and the 1st day of March in each year beginning June 1, 1999, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference, with interest on each installment at the rate of zero percent (0%) per annum as set forth on said Exhibit B. The SRF Administrative Fee of 1% shall also be payable quarterly on the 1st day of June, the 1st day of September, the 1st day of December and the 1st day of March of each year beginning June 1, 1999 as set forth on Exhibit B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement dated October 23, 1998 among the Authority, the DEP and the Issuer.

This Bond is issued in the aggregate principal amount of $ 839,000 (i) to pay the costs of acquisition of the facility and construction of certain improvements and extensions to the sewerage system of the Issuer (the "Project"), (ii) to fully fund the Reserve Account; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Resolution duly adopted by the Issuer on the 17th day of December, 1998, and a Supplemental Resolution adopted by the Issuer on the 17th day of December, 1998 (collectively called the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

THIS BOND SHARES A FIRST LIEN PARITY POSITION WITH RESPECT TO SOURCES OF AND SECURITY FOR PAYMENT WITH THE OUTSTANDING SHADY SPRING PUBLIC SERVICE DISTRICT'S PRIOR BONDS, AS DEFINED IN THE RESOLUTION.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and moneys in the Reserve Account created under the Resolution and unexpended proceeds of the Bond (the "Bond Proceeds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute 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 thereon except from said special fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond Proceeds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient 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 amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest, if any, on all obligations on a parity with or prior to the Bonds including the Prior Bonds payable from such revenues, provided however, that so long as there exists in the Reserve Account an amount equal to the maximum amount of principal and interest which will become due on said Bond in the then current year or any succeeding year and the reserve account for any other obligations

outstanding on a parity with the Bond including the Prior Bonds, is funded at 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 Resolution. Remedies provided the registered owners of the Bonds are exclusively as provided in the Resolution, 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 Resolution, only upon the books of the Bank One, West Virginia National Association, Charleston, West Virginia as registrar (the "Registrar") by the Registered Owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the costs of the Project described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the 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 in the issuance of this Bond have existed, 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 revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, SHADY SPRING 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-Treasurer, and has caused this Bond to be dated December 17, 1998.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1998B Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: December 17, 1998

Bank One, West Virginia, National Association,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $834,817	December 17, 1998	(7) $	
(2) $		(8) $	
(3) $		(9) $	
(4) $		(10) $	
(5) $		(11) $	
(6) $		(12) $	

TOTAL $_____

EXHIBIT B

Glade Springs System Purchase for Shady Spring PSD, WV

SRF Loan No. C-544254

$839,000; 20 Years; 0% Interest; 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/1998	-	-	-
3/01/1999	-	-	-
6/01/1999	10,487.50	-	10,487.50
9/01/1999	10,487.50	-	10,487.50
12/01/1999	10,487.50	-	10,487.50
3/01/2000	10,487.50	-	10,487.50
6/01/2000	10,487.50	-	10,487.50
9/01/2000	10,487.50	-	10,487.50
12/01/2000	10,487.50	-	10,487.50
3/01/2001	10,487.50	-	10,487.50
6/01/2001	10,487.50	-	10,487.50
9/01/2001	10,487.50	-	10,487.50
12/01/2001	10,487.50	-	10,487.50
3/01/2002	10,487.50	-	10,487.50
6/01/2002	10,487.50	-	10,487.50
9/01/2002	10,487.50	-	10,487.50
12/01/2002	10,487.50	-	10,487.50
3/01/2003	10,487.50	-	10,487.50
6/01/2003	10,487.50	-	10,487.50
9/01/2003	10,487.50	-	10,487.50
12/01/2003	10,487.50	-	10,487.50
3/01/2004	10,487.50	-	10,487.50
6/01/2004	10,487.50	-	10,487.50
9/01/2004	10,487.50	-	10,487.50
12/01/2004	10,487.50	-	10,487.50
3/01/2005	10,487.50	-	10,487.50
6/01/2005	10,487.50	-	10,487.50
9/01/2005	10,487.50	-	10,487.50
12/01/2005	10,487.50	-	10,487.50
3/01/2006	10,487.50	-	10,487.50
6/01/2006	10,487.50	-	10,487.50
9/01/2006	10,487.50	-	10,487.50
12/01/2006	10,487.50	-	10,487.50
3/01/2007	10,487.50	-	10,487.50
6/01/2007	10,487.50	-	10,487.50
9/01/2007	10,487.50	-	10,487.50
12/01/2007	10,487.50	-	10,487.50
3/01/2008	10,487.50	-	10,487.50
6/01/2008	10,487.50	-	10,487.50
9/01/2008	10,487.50	-	10,487.50
12/01/2008	10,487.50	-	10,487.50
3/01/2009	10,487.50	-	10,487.50
6/01/2009	10,487.50	-	10,487.50
9/01/2009	10,487.50	-	10,487.50
12/01/2009	10,487.50	-	10,487.50
3/01/2010	10,487.50	-	10,487.50
6/01/2010	10,487.50	-	10,487.50

Glade Springs System Purchase for Shady Spring PSD, WV

SRF Loan No. C-544254

$839,000; 20 Years; 0% Interest; 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/1998	-	-	-
3/01/1999	-	-	-
6/01/1999	10,487.50	-	10,487.50
9/01/1999	10,487.50	-	10,487.50
12/01/1999	10,487.50	-	10,487.50
3/01/2000	10,487.50	-	10,487.50
6/01/2000	10,487.50	-	10,487.50
9/01/2000	10,487.50	-	10,487.50
12/01/2000	10,487.50	-	10,487.50
3/01/2001	10,487.50	-	10,487.50
6/01/2001	10,487.50	-	10,487.50
9/01/2001	10,487.50	-	10,487.50
12/01/2001	10,487.50	-	10,487.50
3/01/2002	10,487.50	-	10,487.50
6/01/2002	10,487.50	-	10,487.50
9/01/2002	10,487.50	-	10,487.50
12/01/2002	10,487.50	-	10,487.50
3/01/2003	10,487.50	-	10,487.50
6/01/2003	10,487.50	-	10,487.50
9/01/2003	10,487.50	-	10,487.50
12/01/2003	10,487.50	-	10,487.50
3/01/2004	10,487.50	-	10,487.50
6/01/2004	10,487.50	-	10,487.50
9/01/2004	10,487.50	-	10,487.50
12/01/2004	10,487.50	-	10,487.50
3/01/2005	10,487.50	-	10,487.50
6/01/2005	10,487.50	-	10,487.50
9/01/2005	10,487.50	-	10,487.50
12/01/2005	10,487.50	-	10,487.50
3/01/2006	10,487.50	-	10,487.50
6/01/2006	10,487.50	-	10,487.50
9/01/2006	10,487.50	-	10,487.50
12/01/2006	10,487.50	-	10,487.50
3/01/2007	10,487.50	-	10,487.50
6/01/2007	10,487.50	-	10,487.50
9/01/2007	10,487.50	-	10,487.50
12/01/2007	10,487.50	-	10,487.50
3/01/2008	10,487.50	-	10,487.50
6/01/2008	10,487.50	-	10,487.50
9/01/2008	10,487.50	-	10,487.50
12/01/2008	10,487.50	-	10,487.50
3/01/2009	10,487.50	-	10,487.50
6/01/2009	10,487.50	-	10,487.50
9/01/2009	10,487.50	-	10,487.50
12/01/2009	10,487.50	-	10,487.50
3/01/2010	10,487.50	-	10,487.50
6/01/2010	10,487.50	-	10,487.50

Glade Springs System Purchase for Shady Spring PSD, WV

SRF Loan No. C-544254

$839,000; 20 Years; 0% Interest; 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2010	10,487.50	-	10,487.50
12/01/2010	10,487.50	-	10,487.50
3/01/2011	10,487.50	-	10,487.50
6/01/2011	10,487.50	-	10,487.50
9/01/2011	10,487.50	-	10,487.50
12/01/2011	10,487.50	-	10,487.50
3/01/2012	10,487.50	-	10,487.50
6/01/2012	10,487.50	-	10,487.50
9/01/2012	10,487.50	-	10,487.50
12/01/2012	10,487.50	-	10,487.50
3/01/2013	10,487.50	-	10,487.50
6/01/2013	10,487.50	-	10,487.50
9/01/2013	10,487.50	-	10,487.50
12/01/2013	10,487.50	-	10,487.50
3/01/2014	10,487.50	-	10,487.50
6/01/2014	10,487.50	-	10,487.50
9/01/2014	10,487.50	-	10,487.50
12/01/2014	10,487.50	-	10,487.50
3/01/2015	10,487.50	-	10,487.50
6/01/2015	10,487.50	-	10,487.50
9/01/2015	10,487.50	-	10,487.50
12/01/2015	10,487.50	-	10,487.50
3/01/2016	10,487.50	-	10,487.50
6/01/2016	10,487.50	-	10,487.50
9/01/2016	10,487.50	-	10,487.50
12/01/2016	10,487.50	-	10,487.50
3/01/2017	10,487.50	-	10,487.50
6/01/2017	10,487.50	-	10,487.50
9/01/2017	10,487.50	-	10,487.50
12/01/2017	10,487.50	-	10,487.50
3/01/2018	10,487.50	-	10,487.50
6/01/2018	10,487.50	-	10,487.50
9/01/2018	10,487.50	-	10,487.50
12/01/2018	10,487.50	-	10,487.50
3/01/2019	10,487.50	-	10,487.50
Total	**839,000.00**	**-**	**839,000.00**

Glade Springs System Purchase for Shady Spring PSD, WV

SRF Loan No. C-544254

$839,000; 20 Years; 0% Interest; 1% Administrative Fee

DEBT SERVICE SCHEDULE

YIELD STATISTICS

Bond Year Dollars	$8,737.25
Average Life	10.414 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	-9.61E-11
Bond Yield for Arbitrage Purposes	-9.61E-11
All Inclusive Cost (AIC)	0.9716216%

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	10.414 Years

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

File = SRFGLADE-101998- SINGLE PURPOSE
10/19/1998 9:38 AM

Glade Springs System Purchase for Shady Spring PSD, WV

SRF Loan No. C-544254

$839,000; 20 Years; 0% Interest; 1% Administrative Fee

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I	Admin. Fee	Net New D/S
12/01/1998	-	-	-	-	-
3/01/1999	-	-	-	-	-
6/01/1999	10,487.50	-	10,487.50	2,097.50	12,585.00
9/01/1999	10,487.50	-	10,487.50	2,071.29	12,558.79
12/01/1999	10,487.50	-	10,487.50	2,045.07	12,532.57
3/01/2000	10,487.50	-	10,487.50	2,018.85	12,506.35
6/01/2000	10,487.50	-	10,487.50	1,992.63	12,480.13
9/01/2000	10,487.50	-	10,487.50	1,966.41	12,453.91
12/01/2000	10,487.50	-	10,487.50	1,940.19	12,427.69
3/01/2001	10,487.50	-	10,487.50	1,913.97	12,401.47
6/01/2001	10,487.50	-	10,487.50	1,887.75	12,375.25
9/01/2001	10,487.50	-	10,487.50	1,861.54	12,349.04
12/01/2001	10,487.50	-	10,487.50	1,835.32	12,322.82
3/01/2002	10,487.50	-	10,487.50	1,809.10	12,296.60
6/01/2002	10,487.50	-	10,487.50	1,782.88	12,270.38
9/01/2002	10,487.50	-	10,487.50	1,756.66	12,244.16
12/01/2002	10,487.50	-	10,487.50	1,730.44	12,217.94
3/01/2003	10,487.50	-	10,487.50	1,704.22	12,191.72
6/01/2003	10,487.50	-	10,487.50	1,678.00	12,165.50
9/01/2003	10,487.50	-	10,487.50	1,651.79	12,139.29
12/01/2003	10,487.50	-	10,487.50	1,625.57	12,113.07
3/01/2004	10,487.50	-	10,487.50	1,599.35	12,086.85
6/01/2004	10,487.50	-	10,487.50	1,573.13	12,060.63
9/01/2004	10,487.50	-	10,487.50	1,546.91	12,034.41
12/01/2004	10,487.50	-	10,487.50	1,520.69	12,008.19
3/01/2005	10,487.50	-	10,487.50	1,494.47	11,981.97
6/01/2005	10,487.50	-	10,487.50	1,468.25	11,955.75
9/01/2005	10,487.50	-	10,487.50	1,442.04	11,929.54
12/01/2005	10,487.50	-	10,487.50	1,415.82	11,903.32
3/01/2006	10,487.50	-	10,487.50	1,389.60	11,877.10
6/01/2006	10,487.50	-	10,487.50	1,363.38	11,850.88
9/01/2006	10,487.50	-	10,487.50	1,337.16	11,824.66
12/01/2006	10,487.50	-	10,487.50	1,310.94	11,798.44
3/01/2007	10,487.50	-	10,487.50	1,284.72	11,772.22
6/01/2007	10,487.50	-	10,487.50	1,258.50	11,746.00
9/01/2007	10,487.50	-	10,487.50	1,232.29	11,719.79
12/01/2007	10,487.50	-	10,487.50	1,206.07	11,693.57
3/01/2008	10,487.50	-	10,487.50	1,179.85	11,667.35
6/01/2008	10,487.50	-	10,487.50	1,153.63	11,641.13
9/01/2008	10,487.50	-	10,487.50	1,127.41	11,614.91
12/01/2008	10,487.50	-	10,487.50	1,101.19	11,588.69
3/01/2009	10,487.50	-	10,487.50	1,074.97	11,562.47
6/01/2009	10,487.50	-	10,487.50	1,048.75	11,536.25
9/01/2009	10,487.50	-	10,487.50	1,022.54	11,510.04
12/01/2009	10,487.50	-	10,487.50	996.32	11,483.82
3/01/2010	10,487.50	-	10,487.50	970.10	11,457.60
6/01/2010	10,487.50	-	10,487.50	943.88	11,431.38

Glade Springs System Purchase for Shady Spring PSD, WV

SRF Loan No. C-544254

$839,000; 20 Years; 0% Interest; 1% Administrative Fee

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I	Admin. Fee	Net New D/S
9/01/2010	10,487.50	-	10,487.50	917.66	11,405.16
12/01/2010	10,487.50	-	10,487.50	891.44	11,378.94
3/01/2011	10,487.50	-	10,487.50	865.22	11,352.72
6/01/2011	10,487.50	-	10,487.50	839.00	11,326.50
9/01/2011	10,487.50	-	10,487.50	812.79	11,300.29
12/01/2011	10,487.50	-	10,487.50	786.57	11,274.07
3/01/2012	10,487.50	-	10,487.50	760.35	11,247.85
6/01/2012	10,487.50	-	10,487.50	734.13	11,221.63
9/01/2012	10,487.50	-	10,487.50	707.91	11,195.41
12/01/2012	10,487.50	-	10,487.50	681.69	11,169.19
3/01/2013	10,487.50	-	10,487.50	655.47	11,142.97
6/01/2013	10,487.50	-	10,487.50	629.25	11,116.75
9/01/2013	10,487.50	-	10,487.50	603.04	11,090.54
12/01/2013	10,487.50	-	10,487.50	576.82	11,064.32
3/01/2014	10,487.50	-	10,487.50	550.60	11,038.10
6/01/2014	10,487.50	-	10,487.50	524.38	11,011.88
9/01/2014	10,487.50	-	10,487.50	498.16	10,985.66
12/01/2014	10,487.50	-	10,487.50	471.94	10,959.44
3/01/2015	10,487.50	-	10,487.50	445.72	10,933.22
6/01/2015	10,487.50	-	10,487.50	419.50	10,907.00
9/01/2015	10,487.50	-	10,487.50	393.29	10,880.79
12/01/2015	10,487.50	-	10,487.50	367.07	10,854.57
3/01/2016	10,487.50	-	10,487.50	340.85	10,828.35
6/01/2016	10,487.50	-	10,487.50	314.63	10,802.13
9/01/2016	10,487.50	-	10,487.50	288.41	10,775.91
12/01/2016	10,487.50	-	10,487.50	262.19	10,749.69
3/01/2017	10,487.50	-	10,487.50	235.97	10,723.47
6/01/2017	10,487.50	-	10,487.50	209.75	10,697.25
9/01/2017	10,487.50	-	10,487.50	183.54	10,671.04
12/01/2017	10,487.50	-	10,487.50	157.32	10,644.82
3/01/2018	10,487.50	-	10,487.50	131.10	10,618.60
6/01/2018	10,487.50	-	10,487.50	104.88	10,592.38
9/01/2018	10,487.50	-	10,487.50	78.66	10,566.16
12/01/2018	10,487.50	-	10,487.50	52.44	10,539.94
3/01/2019	10,487.50	-	10,487.50	26.22	10,513.72
Total	**839,000.00**	-	**839,000.00**	**84,849.10**	**923,849.10**

Form of Assignment

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

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Original Bonds; Ratification and Execution of Loan Agreement with Authority and DEP. The Bonds shall be sold to the Authority pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement and the Secretary-Treasurer is directed to affix the seal of the Issuer thereto, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery of the Loan Agreement is hereby authorized, ratified and approved.

Section 3.12. Certificate of Consulting Engineers. Prior to the issuance of the Bonds, the Issuer must obtain the certificate of the Consulting Engineers, in the form attached to the SRF Loan Agreement, to the effect that the Project has been designed as provided in the Program application and will be constructed in accordance with the approved plans, specifications and design as submitted to the DEP and the Authority, as the case may be, that the Project will be adequate for the purposes for which it was designed, and the funding plan as submitted to the DEP and the Authority is sufficient to pay the costs of the acquisition of the facility and construction of the Project.

Section 3.13. Amended Schedule A Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority its schedule, in substantially the form of "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds used therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other (or continue pursuant to Prior Resolutions):

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Bond Acquisition and Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

(1) Series 1998B Bond Sinking Funds;

(a) Within the Series 1998B Bond Sinking Funds, the Series 1998B Bond Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund created pursuant to Section 5.03 of the Prior Resolutions and which is continued hereby. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner therein and herein provided. As long as the Prior Bonds are Outstanding, the Issuer shall make the payments required by Section 5.03A of the Prior Resolutions and simultaneously make the payments set forth hereinafter.

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

(2) Next from the moneys in the Revenue Fund, the Issuer shall on the first day of each month, make the payments required by Section 5.03A(2) of the Prior Resolutions and commencing on the first day of each month, 4 months prior to the first date of payment of interest on the Series 1998B Bond, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1998B Bond Sinking Fund, a sum equal to 1/3rd of the amount of interest which will mature and become due on said Series 1998B Bond on the next ensuing quarterly payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1998B Bond Sinking Fund and the next quarterly payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly payment date.

(3) Next from the moneys in the Revenue Fund, the Issuer shall (a) on the first day of each month, make the payment required by Sections 5.03A(3) of the Prior Resolutions and, commencing 4 months prior to the first date of payment of principal on the

Series 1998B Bond, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1998B Bond Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on said Series 1998B Bond on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1998B Bond Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

The Issuer shall complete the "Monthly Payment Form," the form of which is attached to the Loan Agreement as Exhibit F, and submit a copy of said form along with a copy of its remittance checks to the Authority by the 6th day of such calendar month.

(4) The Issuer shall next transfer from the Revenue Fund and make the payment required by Sections 5.03 A(4) of the Prior Resolutions commencing on the first day of each month, 3 months prior to the first date of payment of principal of the Series 1998B Bond, if not fully funded upon issuance of the Series 1998B Bond, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1998B Reserve Account, an amount equal to 1/120 of the Series 1998B Reserve Requirement; provided, that no further payments shall be made into the Series 1998B 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 1998B Reserve Requirement.

(5) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, simultaneously with the payments listed above, transfer 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 (such amount to be inclusive with Section 5.03A(5) of the Prior Resolutions, not in addition to). 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 the Prior Bonds Reserve Account, or the Series 1998B Bond 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.

Moneys in the Series 1998B Bond Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1998B Bond as the same shall become due. Moneys in the Series 1998B Bond Reserve Account in the Sinking Fund shall be used only for the purpose of paying principal of or interest on the Series 1998B Bond as the same shall come due, when other moneys in the Sinking Funds are insufficient therefor, and for no other purpose. Except for the funds required to be deposited in the Rebate Fund, all investment earnings on moneys in the Reserve Account shall be transferred, not less than once each year, to the Bond Acquisition and Construction Trust Fund prior to completion of the Projects and thereafter, to the Sinking Funds.

Any withdrawals from the Reserve Account which result in a reduction in the balance of the Reserve Account to an amount below the Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Sinking Funds for payment of debt service on the Bond have been made in full.

B. As and when additional Bonds ranking on a parity with the Original Bonds are issued, provision shall be made for additional payments into the Sinking Funds sufficient to pay any interest on such additional Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Reserve Account in an amount equal to the Reserve Requirements.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, 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 Resolution.

Moneys in the Reserve Account shall be invested and reinvested by the Commission in accordance with Article VIII hereof.

The Sinking Fund, including the Reserve Account therein, shall be used solely and only for, and is hereby pledged for, the purpose of servicing the Bonds and any additional Bonds ranking on a parity with them that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Account therein, and the Renewal and Replacement Fund during the following month or such longer period as shall be required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenue"). Surplus Revenues may be used for any lawful purpose of the Issuer.

D. The Issuer shall remit from the Revenue Fund to the Commission or the Depository Bank, on such dates as the Commission or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay any Depository Bank's charges then due. The Issuer shall also remit from the Revenue Fund to the Authority, on such dates as the Authority and the DEP shall require, the Issuer's allocable share of reasonable administrative expenses of the Authority relating to the Program, if any.

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

F. 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.

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

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

I. The Issuer shall each month, on the day set forth in Section 5.03A(2) hereof (if such day is not a business day, then the next succeeding business day), deposit with the Commission the SRF Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement.

Section 5.04. Excess Bond Proceeds. The Issuer shall place any proceeds from the Bonds not required for the Project Costs in the respective Reserve Account to the extent that the balances therein are not equal to the respective Reserve Requirements.

ARTICLE VI

APPLICATION OF ORIGINAL BOND PROCEEDS, FUNDS AND ACCOUNTS

Section 6.01. Application of Original Bond Proceeds. The moneys derived from the sale of the Original Bonds shall be deposited by the Issuer as received from time to time in the Bond Acquisition and Construction Trust Fund established in Section 5.01(3) hereof.

The Depository Bank shall act as a trustee and fiduciary for the Bondholders with respect to the Bond Acquisition and Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Acquisition and Construction Trust Fund set forth in this Resolution. Except with respect to any transfers to the Rebate Fund, moneys in the Bond Acquisition and Construction Trust Fund shall be used solely to pay Costs of the Projects and until so transferred or expended, are hereby pledged as additional security for the Bonds.

Section 6.02. Disbursements From the Bond Acquisition and Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and DEP a report listing the specific purposes for which the proceeds of the Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Projects shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Acquisition and Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) A "Payment Requisition Form," attached to the Loan Agreement as Exhibit C, and

(2) A certificate, signed by the Chairman and the Consulting Engineers, stating:

(A) That none of the items for which the payment is proposed to be made has formed the basis for any disbursements theretofore made;

(B) That each item for which the payment is proposed to be made is or was necessary in connection with the Projects and constitutes a Cost of the Projects;

(C) That each of such costs has been otherwise properly incurred; and

(D) That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Issuer shall disburse from the Bond Acquisition and Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Acquisition and 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 Bond Acquisition and 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.

Pending such application, moneys in the Bond Acquisition and Construction Trust Fund, including any accounts therein, 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 set forth in this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any owner or owners of the Bond as if they were set forth in full in this Resolution. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the owners of the Bond as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds, or the interest thereon, is Outstanding and unpaid.

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

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Original Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System on a parity with the lien on such Net Revenues in favor of the Prior Bonds. The Revenues derived from the System, in an amount sufficient to pay the principal of the Bonds herein authorized and to make the payments into the Sinking Funds, including the Reserve Account herein, and all other payments provided for in the Prior Resolutions and this Resolution are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in this Resolution.

Section 7.04. Rates. Prior to issuance of the Original Bond, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder . Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. The Issuer shall take the necessary actions with respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bond to finance the issuance of the Bond as the purchaser thereof shall require. 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 (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bond; provided that, in the event that an amount at least equal to or in excess of the Reserve Requirement is on deposit in the Reserve Account and is funded at least at the requirement provided for in the Resolution, such

balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Original Bond.

The Issuer hereby adopts the rates and charges set forth in the PSC Order and attached hereto as Exhibit C and incorporated herein by reference.

Section 7.05. Completion, Operation and Maintenance; Schedule of Cost. The Issuer will expeditiously complete the Projects and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in this Resolution.

Upon completion of the Projects, the Issuer shall file with the Authority a schedule in substantially the form of Amended Schedule A to the Program loan application, setting forth the actual costs of the Projects and sources of funds therefor.

Section 7.06. Sale of the System. Except as otherwise required by law and the terms of the Prior Resolutions, 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 or redeem at or prior to maturity all the Bonds and Bonds Outstanding, or to effectively defease this Resolution in accordance with Sections 10.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Commission for deposit in the appropriate Sinking Funds, and the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds about to mature and to the redemption prior to maturity at the earliest date permitted hereby and at the redemption price, of all other Outstanding Bonds. Any balance remaining after the redemption or payment of all 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 $10,000, the Issuer shall, by resolution, determine that

such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall, upon receipt of approval of the Registered Owners, if needed, be remitted by the Issuer to the Commission for deposit in the appropriate Sinking Funds and shall be applied only to the purchase or redemption of Bonds of the last maturities then Outstanding at prices not greater than the applicable redemption price, or, if not redeemable, par, or otherwise in the Renewal and Replacement Fund. The payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Resolution.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay or redeem prior to maturity all Bonds then Outstanding without the prior approval and consent in writing of the Owners, or their duly authorized representatives, of sixty-six and two-thirds percent (66 2/3%) in amount of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Registered Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. So long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that Parity Bonds may be issued as provided for in Section 7.08 hereof. All obligations hereafter issued by the Issuer payable from the revenues of the System, except such Parity Bonds, shall contain an express statement that such obligations are junior and prior, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds; provided, that no

such prior obligations shall be issued unless all payments required to be made into the Reserve Account and the Renewal and Replacement Fund at the time of the issuance of such prior obligations have been made and are current.

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 respective liens of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bond and the interest thereon in this Resolution, or upon the System or any part thereof.

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

Section 7.08. Parity Bonds. A. No Parity Bonds payable out of the Net Revenues of the System may be issued without the prior written consent of the Authority and DEP. No Parity Bonds payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided.

No Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition and construction of extensions, additions, betterments or improvements to the System or refunding the entirety of one or more issues or series of bonds or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Secretary a written statement by Independent Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the net revenues actually derived, subject to the adjustments hereinafter provided, from the System during any twelve (12) consecutive months within the eighteen (18) months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual net revenues to be received in each of the three (3) succeeding years after the completion of the improvements to be financed by such additional Parity Bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on the following:

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual net revenues to be received in each of the three (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 any increase in rates enacted by the Issuer, the time for appeal of which shall have expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Secretary prior to the issuance of such additional Parity Bonds.

The Net Revenues actually derived from the System during the twelve (12) consecutive month period hereinabove referred to may be adjusted by adding to such net revenues such additional net revenues which would have been received, in the opinion of the Consulting Engineers and the Independent Accountants as stated in a certificate jointly made and signed by the Consulting Engineers and the Independent Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate acquisition and construction of such extensions, additions, betterments or improvements to the System which are to be financed by such Parity Bonds.

All the covenants and other provisions of this Resolution (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the owners of the Original Bonds and the owners of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this Section. All the Bonds, regardless of the time or times of their issuance shall rank equally with respect to their respective liens on the revenues of the System, and their respective sources of and security for payment from said revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds created in this Resolution required for and on account of such additional Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject

to the prior and superior lien of the Outstanding Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Bond.

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

B. Notwithstanding the foregoing, the Issuer may issue Parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any issues or series of the Bonds, provided that the annual debt service required on account of the refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded and the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds to be refunded were not so refunded.

With the written consent in advance of the Authority and DEP and anything to the contrary in this Section 7.08 notwithstanding, Parity Bonds may be authorized and issued by the Issuer pursuant to Supplemental Resolution solely to complete the Projects as described in the Issuer's Program application to the Authority and DEP in accordance with the plans and specifications, in the event that the Original Bonds should be insufficient, together with other funds lawfully available therefor, to pay all costs of acquisition and construction of the Projects; provided, however, that, prior to the issuance of such Parity Bonds under the provisions of this paragraph, the Consulting Engineers shall file with the Secretary a certificate to the effect that additional funds are necessary for such purpose. All such Parity Bonds authorized and issued under the provisions of this paragraph shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of the acquisition and construction costs to complete the Projects, and the maturities of any such Parity Bonds shall be in years and amounts suggested by the Authority.

Section 7.09. Insurance and Acquisition and Construction Bonds. The Issuer will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Issuer will require that each of its contractors and all subcontractors maintain, during the life of any contract, workers' compensation coverage, public liability

insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and the DEP, so long as the Authority is the Owner of the Bond. The Issuer will itself, or will require each contractor and subcontractor to, obtain and 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 Projects, to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance with the Loan Agreement, during acquisition and construction of the Projects in the full insurable value thereof. In time of war, the Issuer shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in the Resolution and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Issuer shall carry such other insurance as is required by the Authority and DEP and as set forth in the Loan Agreement, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Issuer.

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

Section 7.10. Consulting Engineers. The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authorityand the DEP covering the supervision and inspection of the development of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers. Such resident engineer shall certify to the Authority, the DEP and the Issuer, 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. The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a Performance Certificate, the form of which is attached as Exhibit A to the Loan Agreement and is incorporated herein by reference, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed. The Issuer 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 Issuer agrees that qualified operating personnel, properly certified by the State, will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

The Issuer agrees that qualified operating personnel, properly certified by the State, will be retained to operate the System during the entire term of the Loan Agreement.

Section 7.11. Compliance With Loan Agreements, Rules and Regulations. The Issuer hereby covenants and agrees to perform and satisfy all terms and conditions of the Loan Agreement and to comply with all applicable laws, rules and regulations issued by the Authority, the DEP or other State, federal or local bodies in regard to the planning and design of the Projects and operation, maintenance and use of the System.

Section 7.12. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by its System; and, in the event the Issuer or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or himself or herself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, 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, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State of West Virginia. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services or facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. The Issuer further covenants and agrees that it will, to the full extent permitted by law, and any rules and regulations promulgated by the Public Service Commission of West Virginia applicable thereto, discontinue and shut off both the water and sewerage services and facilities of the System to all delinquent users of the services and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, and will not restore either water or sewerage services of the System until all delinquent charges for the service and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

Section 7.14. No Competing Franchise. To the extent allowable by law, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.15. Books, Records and Facilities. The Issuer shall keep complete and accurate records of the cost of acquisition and construction of the Projects. The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Projects and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and information as they may reasonably require in connection with the installation of the Projects, the operation and maintenance of the System and the administration of the Loan Agreement or other sources of financing for the Projects.

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all records pertaining to the operation of the System at all reasonable times following completion of acquisition and construction of the Projects and commencement of operation thereof, or, if the Projects 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 owner of a Bond or Bonds issued pursuant to the Resolution shall have the right at all reasonable times

to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow currently accepted accounting practices in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the Issuer. The Issuer 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 Issuer shall be reported to such agent of the Issuer as the Authority shall direct.

The Issuer shall file with the Consulting Engineers and the Authority and DEP, and shall mail in each year to any owner or owners of Bonds requesting the same, an annual report containing the following:

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

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Resolution with respect to said Bonds and the status of all said funds and accounts.

(C) The amount of any Bonds, or other obligations Outstanding and secured by a lien on the Net Revenues of the System.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any owner or owners of Bonds issued pursuant to this Resolution, and shall submit said report to the Authority and the DEP. The report of said audit shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and the Loan Agreement and that the Issuer's revenues are adequate to meet its operation and maintenance expenses and debt service requirements.

The Issuer shall, commencing on the date contracts are executed for the construction of the Projects and for two years following the completion of the Projects, each month complete a Monthly Financial Report, the form of which is attached to the Loan

Agreement as Exhibit B and is incorporated herein by reference, and forward a copy by the 10th of each month to the Authority and the DEP.

The Issuer shall, during construction of the Projects, complete Payment Requisition Forms, the form of which is attached to the Loan Agreement as Exhibit C and is incorporated herein by reference, and forward a copy to the DEP in compliance with the Issuer's construction schedule.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement or as promulgated from time to time.

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

Section 7.16. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within thirty days of the adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall 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 who shall file his address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him and shall make available such budgets and all resolutions authorizing increased expenditures for

operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Section 7.17. Mandatory Connection. The mandatory use of the System is essential and necessary to protect and preserve the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matter from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Bondholders, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, and shall take effect immediately upon delivery of the Bonds and shall be for the benefit of all Owners of the Bonds. This lien is on a parity with the lien of the Prior Bonds.

Section 7.19. Compliance. The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the DEP or other State, federal or local bodies in regard to the construction of the Projects and the operation, maintenance and use of the System.

Section 7.20. Completion of Projects; Permits and Orders. The Issuer will complete the Projects as promptly as possible and operate and maintain the System in good condition and in compliance with all federal and state requirements and standards.

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 (17CRF 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 Resolution, 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 direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01 and in Sections 8.02 and 8.03.

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

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 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Bonds or the Prior 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 Bonds set forth in this Resolution, any Supplemental Resolution or in the 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, the Construction Trust Fund Depository Bank, the Bond Registrar, any Paying Agent or a Holder of a Bond; or

(3) If a default occurs under this Resolution;

(4) If a default occurs under the Prior Resolutions; or

(5) 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.

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 rights and, in particular, (I) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and this Resolution relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the 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 at law or bill in equity enjoin any acts in violation of the Resolution with respect to the Bonds, or the rights of such Registered Owners, provided however, that all rights and remedies of the Registered Owners shall be subject to those of the Registered Owners of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of Bonds may, by proper legal action, compel the performance of the duties of the Issuer under this Resolution and the Act, including 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 default in the payment of interest on any Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds, either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in the Resolution other than as to such payment and such default shall continue for a period of thirty (30) days after written notice to the Issuer of such default, any Bondholder 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 on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of the Resolution and the Act.

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

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Resolution 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 Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered 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, 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 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 Resolution, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

Section 9.04. Remedies on Parity With Prior Bonds. The exercise of any remedies set forth in Sections 9.02 and 9.03 above shall recognize and protect the parity rights of the owners of the Prior Bonds.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then the pledge of Net Revenues and other moneys and securities pledged under this Resolution and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of 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, the principal installments of and interest on the Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All 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 the 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 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 Resolution. No material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of sixty-six and two-thirds percent (66 2/3%) or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the revenues of the System without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Resolution 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 excludibility of interest on the Bonds and the Notes from the gross income of the Owners thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution 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 and the Bond.

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

Section 11.05. Conflicting Provisions. All orders or resolutions and parts thereof in conflict with the provisions of this Resolution except for the Prior Resolutions, are, to the extent of such conflict, hereby repealed and to the extent that a conflict arises between this Resolution and the Prior Resolutions, the more restrictive provision shall prevail.

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

Adopted this 17th day of December, 1998.

SHADY SPRING PUBLIC SERVICE DISTRICT

Chairman, Public Service Board

Member, Public Service Board

Member, Public Service Board

CERTIFICATION

Certified as a true copy of a Resolution adopted by the Public Service Board of Shady Spring Public Service District on the 17th day of December, 1998.

Dated: December 17, 1998.

[SEAL]

Secretary, Public Service Board

EXHIBIT A

DESCRIPTION OF PROJECTS

The Bonds are being issued for the purpose of financing the acquisition of the existing Glade Springs wastewater collection system; funding the reserve account and paying costs of issuance. The wastewater collection system consists of approximately 63,000 l.f. of 8-inch gravity sewer, 6,100 l.f. of 6-inch gravity sewer, 248 manholes, 2,600 l.f. of force main and three pump stations. Purchase of the system will add approximately 340 customers to the Shady Spring Public Service District's system.

EXHIBIT B

LOAN AGREEMENT
(Tab 11)

EXHIBIT C

SCHEDULE OF RATES

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES, AND OTHER TERMS OF THE SHADY SPRING PUBLIC SERVICE DISTRICT SEWER SYSTEM REVENUE BONDS, SERIES 1998B; DESIGNATING A REGISTRAR, PAYING AGENT, DEPOSITORY BANK; APPROVING LOAN AGREEMENT WITH RESPECT TO THE BOND; AND MAKING OTHER PROVISIONS AS TO THE BOND.

WHEREAS, the Public Service Board of the Shady Spring Public Service District (the "District") has duly and officially adopted a Bond Resolution on December 17, 1998 (the "Resolution"), entitled:

> RESOLUTION AUTHORIZING THE ACQUISITION OF THE FACILITY AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE PUBLIC SEWERAGE FACILITY OF SHADY SPRING PUBLIC SERVICE DISTRICT AND TO FINANCE THE COST OF SUCH ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS AND TO PAY OTHER COSTS IN CONNECTION THEREWITH, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE OF NOT MORE THAN $900,000 IN AGGREGATE PRINCIPAL AMOUNT OF SHADY SPRING PUBLIC SERVICE DISTRICT SEWER SYSTEM REVENUE BONDS, SERIES 1998B, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SAID BONDS; RATIFYING THE LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION RELATING TO SAID BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Resolution provides for the issuance of the Shady Spring Public Service District Sewer System Revenue Bond, Series 1998B (the "Bond") in aggregate principal amount not to exceed $900,000 in accordance with Chapter 16, Article 13A, of the Code of West Virginia, 1931, as amended, (the "Act"), and the terms of the Loan Agreement (the "Loan Agreement") entered into among the District, the West Virginia Division of Environmental Protection (the "DEP") and the West Virginia

Water Development Authority (the "Authority"), but requires that the dates, interest rates, maturities, sale prices and other terms of the Bond should be established by a supplemental resolution;

WHEREAS, the Bond is proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Public Service Board (the "Board") of the District deems it essential and desirable that this resolution (the "Supplemental Resolution"), be adopted and that the prices, the maturity dates, the redemption provisions, the interest rates, and the interest and principal dates of the Bond be fixed hereby in the manner stated herein; that the Loan Agreement be approved; and that other matters relating to the Bond be herein provided for.

WHEREAS, capitalized terms not otherwise defined shall have the meanings given such terms in the Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF THE SHADY SPRING PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution, the Act, and this Supplemental Resolution, the Bond shall be in the aggregate principal amount of $839,000 with the following provisions:

(A) The Bond shall be originally issued in the form of a single bond, numbered R-1, in the principal amount of $839,000. The Bond shall be dated the date of delivery thereof, shall bear interest at the rate of zero percent (0%) per annum from the date of delivery to and including the 20 year life of the loan, which principal shall be payable quarterly on June 1, September 1, December 1 and March 1 of each year commencing June 1, 1999, shall be subject to redemption upon the written consent of the Authority and DEP, upon payment of the interest, and subject to the other requirements provided in the Loan Agreement, as long as the Authority shall be the registered owner of the Bond. The SRF 1% Administrative Fee shall be paid quarterly.

(B) The Bond shall be sold to the Authority in accordance with the terms of the Loan Agreement at a price equal to 100% of the principal amount thereof.

Section 2. All other provisions relating to the Bond shall be as provided in the Resolution, and the Bond shall be in substantially the form provided in the Resolution with such changes, insertions and omissions as may be approved by the Chairman of the District. The execution of the Bond by the Chairman shall be conclusive evidence of such approval.

Section 3. The District does hereby ratify, approve and accept the Loan Agreement including the "Schedule X" attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery by the Chairman of the Loan Agreement and the performance of the obligations contained therein, on behalf of the District have been and are hereby authorized, approved and directed.

Section 4. The District hereby appoints and designates First State Bank & Trust, Beckley, West Virginia, as the Depository Bank, as provided in the Resolution.

Section 5. The District hereby appoints and designates Bank One, West Virginia, Charleston, National Association, Charleston, West Virginia, as Registrar for the Bond.

Section 6. The District hereby appoints and designates the West Virginia Municipal Bond Commission (the "Commission"), Charleston, West Virginia as Paying Agent for the Bond.

Section 7. The Chairman and Secretary/Treasurer are hereby authorized and directed to execute and deliver such other documents and certificates, including the Registrar's Agreement, required or desirable in connection with the Bond hereby and by the Resolution approved and provided for, to the end that the Bond may be delivered to the Authority pursuant to the Loan Agreement on or about October 23, 1998.

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

Section 9. The District hereby directs the Depository Bank to initially invest all monies in the funds and accounts established under the Bond Resolution in Qualified Investments further directed by the District.

Section 10. The District shall not permit at any time or times any of the proceeds of the Bond or any other funds of the District to be used directly or indirectly in a manner which would result in the exclusion of the Bond from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bond as "private activity bonds" within the meaning of the Code. The District will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 11. This Supplemental Resolution shall be effective immediately upon adoption.

Dated: December 17, 1998

SHADY SPRING PUBLIC SERVICE DISTRICT

Chairman

[SEAL]

Secretary/Treasurer

RESOLUTION OF THE SHADY SPRING PUBLIC SERVICE DISTRICT APPROVING INVOICES RELATING TO ACQUISITION AND OTHER SERVICES FOR THE PROPOSED WASTEWATER SYSTEM PROJECT AND AUTHORIZING PAYMENT THEREOF

WHEREAS, The Shady Spring Public Service District has reviewed the invoices attached hereto and incorporated herein by reference relating to the acquisition of the Wastewater System Project (Project) funded by the Sewer System Revenue Bonds, Series 1998B (Infrastructure Fund) and an Infrastructure Fund Grant and finds as follows:

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

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

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

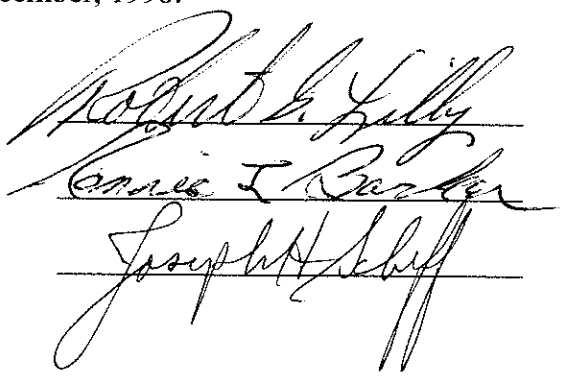
(d) That payment for each of the items proposed is then due and owing.

NOW, THEREFORE, BE IT RESOLVED by the Shady Spring Public Service District as follows:

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

Glade Spring facility purchase	$780,000.00
Anderson, Parkulo & Stansbury	$ 7,586.00
Administrative	$ 131.00
Reserve Fund	$ 42,100.00
Bond Counsel - John T. Poffenbarger	$ 5,000.00
Total	$834,817.00

Adopted by the Shady Spring Public Service District at a meeting held on the 17th day of December, 1998.



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 7th day of October, 1998.

CASE NO. 98-0490-S-PSD-PC

GLADE SPRINGS UTILITY LIMITED LIABILITY COMPANY
and SHADY SPRINGS PUBLIC SERVICE DISTRICT
Joint Application for approval of sale
of wastewater system.

COMMISSION ORDER

By Recommended Decision dated September 17, 1998, the Division of Administrative Law Judges ordered that the joint application for approval of the sale of the Glade Springs wastewater system to the Shady Springs Public Service District be approved as filed, which approval included the financing terms disclosed in the petition.

The period during which Exceptions to the Recommended Decision could be filed expired on October 2, 1998.

On October 6, 1998, counsel for the District filed a letter with the Commission stating that the District had inadvertently failed to note that it would need $45,000 for a funded reserve and $5,000 for bond fees. The District requested that the Commission adopt the Recommended Decision with an amendment to include these amounts in the approved financing costs for the acquisition.

On October 7, 1998, Commission Staff filed a Further Joint Staff Memorandum stating that in addition to the additional funding requested in the District's October 6, 1998 letter, Staff had identified legal and fiscal costs of $9,900 and administrative costs of $2,000 which needed to be included in the District's financing. Together, the additional costs will result a total amount of the State Revolving Fund (SRF) Loan not to exceed $841,900 instead of the $780,000 stated in the original petition. Annual debt service will increase by approximately $1,423. Staff stated that the additional financing would not have any effect on the District's rates. Staff recommended that the Commission approve the revised borrowing from the SRF not to exceed $841,900.

Public Service Commission
of West Virginia
Charleston

IT IS THEREFORE ORDERED that the Recommended Decision dated September 17, 1998 is hereby amended to authorize the District to obtain financing from the SRF not to exceed $841,900.

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

Public Service Commission
of West Virginia
Charleston

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: September 17, 1998

CASE NO. 98-0490-S-PSD-PC

GLADE SPRINGS UTILITY LIMITED LIABILITY COMPANY and SHADY SPRINGS PUBLIC SERVICE DISTRICT
Joint application for approval of sale of wastewater system.

RECOMMENDED DECISION

On April 23, 1998, Glade Springs Utility Limited Liability Company (Glade Springs) and Shady Springs Public Service District (District) filed a joint petition seeking Commission consent and approval of the sale and transfer of the wastewater system of Glade Springs and its approximately 320 customers to the District and of additional ancillary transactions. An Agreement of Purchase (Agreement) dated April 15, 1998, between Glade Springs, Glade Springs Resort Limited Liability Company (Resort) and the District was attached to and incorporated in the joint petition as Exhibit 1.

In support of the joint petition, Glade Springs and the District alleged that:

1. The Agreement generally provides for the conveyance and transfer to the District of (I) the existing wastewater system of Glade Springs and (ii) the Sewage Relay System. The Sewage Relay System, to be constructed by Glade Springs, will consist of pressure sewer lines (force main) and related pumps and facilities to deliver the wastewater from the Resort, by gravity or pumping, from the terminus of the existing Glade Springs wastewater system at the approximate location shown on the Plans and Specifications incorporated by reference in the Agreement as Exhibit 4 and to deliver such wastewater to a point of interconnection on the District collection system;

2. It is specifically agreed that the District is not taking title to any cash on hand and in banks, accounts receivable, work in progress, Worker's Compensation deposits, unemployment deposits, prepaid and other accrued assets or the right to use the name "Glade Springs;"

3. Glade Springs will retain ownership of, and be entirely responsible for, the three wastewater processing plants which currently exist at the Glade Springs Resort;

4. The wastewater system will be sold and conveyed by Glade Springs to the District for the total consideration set forth in the Agreement, and the District, at its sole cost and expense, will thereafter own, operate, maintain, repair and replace the wastewater system and will undertake the obligation to serve all current and future sewer customers at the Glade Springs Resort. Specifically, the consideration for the sale of the wastewater system will be a maximum of $780,000;

5. The $780,000 includes $560,000 for the existing wastewater system of Glade Springs, except for the wastewater processing plants of Glade Springs, which will remain in all respects the property and responsibility of Glade Springs. In addition, upon completion of the Sewage Relay System, and assuming that the other terms and conditions of Section IV of the Agreement with respect to the Sewage Relay System have been met, the District will pay Glade Springs the additional sum of the lesser of the cost of constructing the Sewage Relay System or $220,000, and Glade Springs will convey the Sewage Relay system to the District;

6. The current customers of Glade Springs will, after the Closing Date, be charged those rates and charges as are approved, from time-to-time, for use by the District by the Commission; provided, however, that, until such time as the District files to modify its rates and charges at the Commission, the District proposes to file an adoption notice and to seek to adopt and use those rates and charges currently approved for use by Glade Springs for serving the customers of Glade Springs until the District next requests a change in its rates and charges from the Commission; and

7. Other material terms, conditions and undertakings of the proposed transaction and the Agreement include:

a. Customer extensions from the District's wastewater system and within the Resort will be installed in the manner described in Section VII of the Agreement and the Agreement will constitute an Alternate Main Extension Agreement between the parties for all of such future extensions.

b. The District has or will make available to the Resort the wastewater treatment capacity to serve the current and future needs of Glade Springs' customers and the County Commission of Raleigh County.

The Petitioners stated that the Commission should grant its consent and approval to the terms of the Agreement between Glade Springs and the District for the following reasons:

(1) The District, under the Agreement, will have adequate, existing wastewater capacity to handle the needs of the current

customers of the Glade Springs System and the anticipated growth at the Resort, as described in the Agreement;

(2) The Agreement will result in Glade Springs having the ability to extend wastewater service to previously unserved areas within the Glade Springs development and will provide the District with the necessary link for future expansion of the District System to serve additional potential customers resulting from the development at Glade Springs;

(3) The expansion of the Glade Springs resort and facilities will create additional jobs and employment and enable Glade Springs to construct additional housing and other facilities that will permit it to attract additional tourists to the Glade Springs Resort and nearby attractions;

(4) The removal from service of the three treatment plants currently operated by Glade Springs will assist in possibly avoiding future environmental problems in a scenic area of Raleigh County; and

(5) The Agreement is in the public interest and will provide the availability of adequate, economical and reliable sewer service in the Glade Springs development and will encourage the well-planned development of water and sewer resources consistent with the legislature's mandate as set forth in West Virginia Code §24-1-1.

By Order dated May 22, 1998, the Commission referred this matter to the Division of Administrative Law Judges for disposition and ordered that an Administrative Law Judge's decision be rendered on or before November 19, 1998.

On June 4, 1998, Staff Attorney Toon filed an Initial Joint Staff Memorandum. An Initial Internal Memorandum dated May 28, 1998, from Ingrid Ferrell, Technical Analyst, and Robert M. Hubbard, Senior Utilities Analyst, Water and Wastewater Division, was attached thereto. Both of these Memoranda stated that, upon receipt of the plans and specifications, (Exhibit 4), Staff would proceed with its final review.

On June 11, 1998, Glade Springs and the District filed the plans and specifications referenced in the Agreement and petition filed herein as Exhibit 4.

On June 21, 1998, Staff Attorney Cassius H. Toon filed a First Set of Interrogatories, Data Request or Requests for Information by the Staff.

On July 23, 1998, Staff Attorney Toon filed a Final Joint Staff Memorandum to which was attached a Staff Final Internal Memorandum. Staff stated that it had requested additional information consisting of written confirmation of the State Revolving Fund (SRF) loan and a calculation of the additional debt service requirement. The requested information was to have been filed not later than July 17, 1998, but, as of July 20, 1998, had

not been received. Upon receipt of the requested information, Staff stated it would file its final, substantive recommendation.

On August 24 and 26, 1998, the District filed the requested cash flow analysis and confirmation of the SRF loan, respectively.

On September 15, 1998, Staff Attorney Toon filed a Final Joint Staff Memorandum to which was attached a Final Internal Memorandum from Ms. Ferrell and Mr. Hubbard. After reviewing the cash flow analysis provided by Glade Springs, Staff was of the opinion that the Glade Springs facilities would generate sufficient revenues to absorb the anticipated operating and maintenance expenses and the additional debt service requirements associated with the proposed SRF loan.

Inasmuch as the District has submitted the SRF loan confirmation and since the current rates of the Glade Springs facilities are sufficient to absorb the anticipated operating and maintenance expenses and the additional debt service requirements, Staff recommended that the joint petition filed herein be approved. Staff further recommended that the District continue to charge the Glade Springs customers their current rates, as requested, until the District files its next rate case. Lastly, Staff recommended that, if any condition changes, such as an increase above the $220,000 allocated for the construction of the relay system, the parties hereto be required to reopen this case and seek Commission approval of any changes.

FINDINGS OF FACT

1. On April 23, 1998, Glade Springs Utility Limited Liability Company and Shady Springs Public Service District filed a joint petition seeking Commission consent and approval of the sale and transfer of the wastewater system of Glade Springs to the District and of additional ancillary transactions. (See, April 23, 1998 filing).

2. Commission Staff recommended that the petition be approved. (See, Final Joint Staff Memorandum and attachment filed September 15, 1998).

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[1]To finance the acquisition, the District proposes to borrow from the SRF an amount not to exceed $780,000, at an interest rate of 1.0%, for a period of 20 years. The annual debt service will consist of a payment on principal equal to $39,000, an interest payment in the amount of $4,044 and a 10% debt service reserve payment equal to $3,900. Such amounts are included in the cash flow analysis.

[2]In light of the fact that no change in the rates currently charged to the Glade Springs customers will occur, publication of a notice of the transfer and a hearing thereon are deemed to be unnecessary.

CONCLUSION OF LAW

Upon consideration of all of the above, the undersigned Administrative Law Judge is of the opinion that the joint petition filed herein on April 23, 1998, by Glade Springs Utility Limited Liability Company and Shady Springs Public Service District seeking Commission consent and approval of the sale and transfer of the wastewater system of Glade Springs to the District and of additional ancillary transactions should be approved.

ORDER

IT IS, THEREFORE, ORDERED that the petition filed herein on April 23, 1998, by Glade Springs Utility Limited Liability Company and Shady Springs Public Service District seeking Commission consent and approval of the sale and transfer of the wastewater system of Glade Springs to Shady Springs Public Service District be, and hereby is, approved, without specifically approving the terms and conditions of the underlying Agreement of Purchase.

IT IS FURTHER ORDERED that Shady Springs Public Service District shall continue to charge the Glade Springs customers their current rates until such time as the Commission approves revised rates for the District.

IT IS FURTHER ORDERED that, if any change occur in the underlying conditions of the sale and transfer, Glade Springs and the District shall file to reopen this proceeding to seek and obtain Commission consent and approval of such changes.

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

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and 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:JPC:jas

USDA

United States
Department of
Agriculture

Rural Development

Federal Building, Room 320
75 High Street
Morgantown, WV 26505
Telephone: (304) 291-4796
Fax: (304) 291-4159
TTY/TDD: (304) 284-5941

$839,000
Shady Spring Public Service District
Sewerage System Revenue Bonds, Series 1998B

CONSENT TO ISSUANCE OF PARITY BOND

United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), is the registered owner of all the $179,000 Sewer System Revenue Bonds, Series 1997B, (the "Series 1997B Bonds") issued pursuant to a resolution adopted June 24, 1997. Shady Spring Public Service District has further issued the following Bonds: $3,056,954.52 Sewer System Revenue Refunding Bonds, Series 1997D, issued pursuant to a resolution adopted June 24, 1997; the $2,197,304 Sewer System Revenue Bonds, Series 1997C, issued pursuant to resolution adopted June 24, 1997; the $151,800 Sewer System Revenue Bonds, Series 1996A, issued pursuant to a resolution adopted April 25, 1996; the $170,532 Sewer System Revenue Bonds, Series 1994A, issued pursuant to a resolution adopted June 6, 1994; the $795,515 Sewer System Revenue Bonds, Series 1982B, issued pursuant to a resolution adopted August 1, 1982; and the $1,202,100 Shady Spring Public Service District Sewer System Revenue Bonds, Series 1998A, issued pursuant to a resolution adopted November 5, 1998 (collectively with the Series 1997B Bonds, the "Prior Bonds"). The Government hereby consents to the issuance by the Shady Spring Public Service District, Beaver, West Virginia (the "District"), of not more than $839,000 in aggregate principal amount of parity sewer system revenue bonds (the "Series 1998B Bonds") to be sold to the West Virginia Water Development Authority. The Government hereby further consents that the 1998B Bonds may be payable from the revenues of the water system of the District and otherwise secured on parity with the Prior Bonds. This consent is given pursuant to Section 4.04 of the bond resolution authorizing the Series 1998B Bonds.

By the execution of this consent, the undersigned hereby certifies that he is fully empowered and authorized to execute this consent on behalf of the Government.

WITNESS my signature this 15th day of December, 1998.

UNITED STATES OF AMERICA
UNITED STATES DEPARTMENT OF
AGRICULTURE, Rural Development

By: _____
Robert D. Lewis
State Director

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PRINTED WITH SOY INK

SRF-LP-1
(August 1998)

LOAN AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and among the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), the WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION, a division of the West Virginia Bureau of Environment (the "DEP"), and the local government designated below (the "Local Government").

SHADY SPRING PUBLIC SERVICE DISTRICT (GLADE SPRINGS)
(Local Government)

W I T N E S S E T H:

WHEREAS, the United States Congress under Title VI of the federal Clean Water Act, as amended (the "Clean Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining state water pollution control revolving funds for the planning, design, construction, acquisition and/or improvement of wastewater treatment facilities;

WHEREAS, pursuant to the provisions of Chapter 20, Article 5I, of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to direct the distribution of loans to particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards (U.S. General Services Administration; Catalog of Federal Domestic Assistance, 32nd Edition § 66.458 (1998)) and DEP has been awarded capitalization grants to partially fund the Program;

WHEREAS, under the Act and under the direction of DEP, the Authority has established a permanent perpetual fund known as the "West Virginia Water Pollution Control Revolving Fund" (hereinafter the "Fund");

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to make loans from the Fund to local governments for the acquisition or construction of

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any successor thereto.

1.3 "Loan" means the loan to be made by the Authority and DEP to the Local Government through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

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

1.5 "Local Bonds" means the revenue bonds to be issued by the Local Government pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with money held in the Fund, 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 "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.

1.8 "Program" means the wastewater treatment facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Clean Water Act and administered by DEP.

1.9 "Project" means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Government 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 "SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

1.11 "System" means the wastewater treatment facility owned by the Local Government, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

2.6 The Local Government agrees that it will permit the Authority and DEP and their respective agents to have access to the records of the Local Government 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 Local Government 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 Local Government 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 and DEP. Until the Project facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) 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 Local Government, 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 Local Government on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Local Government shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and DEP 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, DEP and the Local Government 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. The Local Government shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

(c) The Local Government 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;

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

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

(f) The Local Government 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, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

(h) The Local Government 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, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, 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 and DEP shall have received a certificate of the accountants for the Local Government, or such other person or firm experienced in the finances of local governments and satisfactory to the Authority and DEP, to such effect; and

Local Government further specifically recognizes that all loans will be originated in conjunction with the SRF Regulations and with the approval of DEP.

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions established by federal and state regulations as set forth in Exhibit E hereto at such times as are set forth in Exhibit E.

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the written consent of the Authority and DEP; 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 Local Government 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 Local Government 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 Local Government under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

(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 Local Government will not grant any franchise to provide any services which would compete with the System;

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

(xii) That the Local Government shall annually adopt a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority and DEP 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;

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 Local Government, then the Local Government shall enter into a termination agreement with the water provider.

The Local Government 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 nationally recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit G.

4.2 The Loan shall be secured by the pledge and assignment by the Local Government, as effected by the Local Act, of the fees, charges and other revenues of the Local Government from the System.

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the Authority monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y 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.

4.4 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 Local Government. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be 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 any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

4.6 The obligation of the Authority to make any loans shall be conditioned upon the availability of moneys in the Fund in such amount and on such terms and conditions as, in the sole judgment of the Authority, will enable it to make the Loan.

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

6.3 The Local Government hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project, provided that such repayment shall not be made from the proceeds of the Loan.

6.4 The Local Government 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 Local Government fails to make any such rebates as required, then the Local Government 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.

6.5 Notwithstanding Section 6.4, the Authority and DEP may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Government to be monitored or cause the rebate calculations for the Local Government to be prepared, in either case at the expense of the Local Government.

6.6 The Local Government hereby agrees to give the Authority and DEP 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.

6.7 The Local Government 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.

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Loan made under this Loan Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the legislature or otherwise being available to make the Loan. In the event funds are not appropriated or otherwise available to make all of the Loan, the responsibility of the Authority and DEP to make all the Loan is terminated; provided further that the obligation of the Local Government to repay the amount of the Loan made by the Authority and DEP as set forth in (iii) above is not terminated due to such non-funding on any balance on the Loan. The DEP agrees to use its best efforts to have the amount contemplated under this Loan Agreement included in its budget. Non-appropriation or non-funding shall not be considered an event of default under the Loan Agreement.

EXHIBIT A

[Form of Performance Certificate]

[TO BE PROVIDED BY DEP]

EXHIBIT C

PAYMENT REQUISITION FORM

(All Copies to Be Provided by DEP for Each Project)

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___.

_____ N/A

By _____

West Virginia License No. __

[SEAL]

EXHIBIT F

[Monthly Payment Form]

West Virginia Water Development
Authority
180 Association Drive
Charleston WV 25311-1571

Re: [Name of bond issue]

Dear Sirs:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Local Government] on _____, __.

Sinking Fund:

Interest $_____

Principal $_____

Total: $_____

Reserve Fund: $_____

Witness my signature this ____ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

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 Local Government and is a valid and binding special obligation of the Local Government 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 Local Government without the consent of the Authority.

3. The Local Government 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 Local Government 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 Local Government, 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,

Glade Springs System Purchase for Shady Spring PSD, WV

SRF Loan No. C-544254

$839,000; 20 Years; 0% Interest; 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/1998	-	-	-
3/01/1999	-	-	-
6/01/1999	10,487.50	-	10,487.50
9/01/1999	10,487.50	-	10,487.50
12/01/1999	10,487.50	-	10,487.50
3/01/2000	10,487.50	-	10,487.50
6/01/2000	10,487.50	-	10,487.50
9/01/2000	10,487.50	-	10,487.50
12/01/2000	10,487.50	-	10,487.50
3/01/2001	10,487.50	-	10,487.50
6/01/2001	10,487.50	-	10,487.50
9/01/2001	10,487.50	-	10,487.50
12/01/2001	10,487.50	-	10,487.50
3/01/2002	10,487.50	-	10,487.50
6/01/2002	10,487.50	-	10,487.50
9/01/2002	10,487.50	-	10,487.50
12/01/2002	10,487.50	-	10,487.50
3/01/2003	10,487.50	-	10,487.50
6/01/2003	10,487.50	-	10,487.50
9/01/2003	10,487.50	-	10,487.50
12/01/2003	10,487.50	-	10,487.50
3/01/2004	10,487.50	-	10,487.50
6/01/2004	10,487.50	-	10,487.50
9/01/2004	10,487.50	-	10,487.50
12/01/2004	10,487.50	-	10,487.50
3/01/2005	10,487.50	-	10,487.50
6/01/2005	10,487.50	-	10,487.50
9/01/2005	10,487.50	-	10,487.50
12/01/2005	10,487.50	-	10,487.50
3/01/2006	10,487.50	-	10,487.50
6/01/2006	10,487.50	-	10,487.50
9/01/2006	10,487.50	-	10,487.50
12/01/2006	10,487.50	-	10,487.50
3/01/2007	10,487.50	-	10,487.50
6/01/2007	10,487.50	-	10,487.50
9/01/2007	10,487.50	-	10,487.50
12/01/2007	10,487.50	-	10,487.50
3/01/2008	10,487.50	-	10,487.50
6/01/2008	10,487.50	-	10,487.50
9/01/2008	10,487.50	-	10,487.50
12/01/2008	10,487.50	-	10,487.50
3/01/2009	10,487.50	-	10,487.50
6/01/2009	10,487.50	-	10,487.50
9/01/2009	10,487.50	-	10,487.50
12/01/2009	10,487.50	-	10,487.50
3/01/2010	10,487.50	-	10,487.50
6/01/2010	10,487.50	-	10,487.50

December 17, 1998

$839,000
SHADY SPRING PUBLIC SERVICE DISTRICT
(WEST VIRGINIA)
SEWER SYSTEM REVENUE BONDS, SERIES 1998B

The undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), the registered owner of the entire outstanding aggregate principal amount of Shady Spring Public Service District (the "District") Sewer System Revenue Bonds, Series 1998B, dated December 17, 1998 (the "1998B Bonds"), does hereby consent to the issuance of the Series 1998B Bonds on a parity with the Sewer System Revenue Bonds Series 1998A Bonds, the Sewer System Revenue Bonds Series 1997D Bonds, the Sewer System Revenue Bonds Series 1997C Bonds, the Sewer System Revenue Bonds Series 1996A Bonds, the Sewer System Revenue Bonds Series 1994A Bonds, and the Sewer System Revenue Bonds Series 1982B Bonds.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its _____

SHADY SPRING PUBLIC SERVICE DISTRICT

$839,000 Sewer System Revenue Bonds, Series 1998B

CERTIFICATE OF:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS; REFUNDING
5. SIGNATURES
6. PUBLIC SERVICE COMMISSION ORDER; RATES
7. INCUMBENCY AND OFFICIAL NAME
8. MEETINGS
9. INSURANCE
10. LOAN AGREEMENTS
11. SPECIMEN BOND
12. CONFLICTS OF INTEREST
13. NO FEDERAL GUARANTY
14. IRS INFORMATION RETURN
15. CLEAN WATER ACT
16. WETLANDS COVENANT

17A. DELIVERY, PAYMENT AND TERMS OF BONDS
17B. AMOUNT OF PROCEEDS (SERIES 1998B BONDS)
17C. DEBT RESERVE ACCOUNTS

18. PRIVATE USE OF FACILITIES BOND PROCEEDS

We, the undersigned CHAIRMAN and the undersigned SECRETARY-TREASURER of the Public Service Board of the Shady Spring Public Service District (herein called the "District"), and the undersigned ATTORNEY for the District, hereby certify in connection with the single, fully registered Shady Spring Public Service District Sewer System Revenue Bond, Series 1998B, numbered R-1, dated the date hereof, in the aggregate principal amount of $839,000 (herein called the "Series 1998B Bond"), as follows:

1. TERMS: All capitalized words and terms used in this Certificate and not otherwise defined shall have the same meaning as in the Bond Resolutions adopted by the Public Service Board (the "Board") of the District on December 17, 1998, relating to the Series 1998B Bond, passed on December 17, 1998, the Loan Agreement entered into between the District, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP").

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting the issuance and delivery of the Series 1998B Bond; nor questioning the

proceedings and authority by which the Board of the District authorized the issuance and sale of the Series 1998B Bond; nor affecting the validity of the Series 1998B Bond or any provisions made or authorized for the payments thereof; nor questioning the existence of the District or the title of the members or officers of the District or of the Board thereof to their respective offices; nor questioning the design of certain extensions, improvements or betterments to the existing facilities for the District, (herein called the "Project"), nor operation by the District of the Project (the Project and any further improvements or extensions thereto, herein collectively called the "System"), nor challenging the collection or use of the revenues of the System.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for the planning and design of the Project, operation of the System, and issuance of the Series 1998B Bond have been duly and timely obtained and remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS; REFUNDING: There has been no adverse change in the financial condition of the District since October 23, 1998. There are outstanding obligations of the District which will rank on a parity with the Series 1998B Bond, as to liens, pledge and source of and security for payment, which obligations are designated and have the same lien positions with respect to the Series 1998B Bond as follows:

Designation	Lien Position
Water Development Authority - Sewer Revenue Bonds, Series 1982B dated August 1, 1982, issued in the original principal amount of $795,515 (the "Series 1982B Bonds");	First Lien (Parity)
Water Development Authority - Sewer Revenue Bonds, Series 1994A dated June 6, 1994, issued in the original principal amount of $170,532 (the "Series 1994A Bonds").	First Lien (Parity)
Water Development Authority - Sewer Revenue Bonds, Series 1996A dated April 25, 1996 issued in the original amount of $151,800 (the "Series 1996A Bonds")	First Lien (Parity)

United States Department of Agriculture Rural Utilities Service - Sewer Revenue Bonds, Series 1997B dated June 24, 1997, issued in the original prinicpal amount of $179,000 (the "Series 1997B Bonds")	First Lien (Parity)
Water Development Authority - Sewer Revenue Bonds, Series 1997C dated June 24, 1997, issued in the original principal amount of $2,197,304 (the "Series 1997C Bonds");	First Lien (Parity)
Water Development Authority - Sewer Revenue Refunding Bonds, Series 1997D dated June 24, 1997, issued in the original principal amount of $3,056,954.52 (the "Series 1997D Bonds");	First Lien (Parity)
Water Development Authority - Sewer Revenue Refunding Bonds, Series 1998A dated November 25, 1998, issued in the original principal amount of $1,202,100 (the "Series 1998A Bonds");	First Lien (Parity)

The Series 1982B Bonds, the Series 1994A Bonds, the Series 1996A Bonds, the Series 1997B Bonds, the Series 1997C Bonds, the Series 1997D Bonds and the Series 1998A Bonds are hereinafter called the "Prior Bonds." The Issuer is in compliance with all covenants contained in the Resolutions authorizing the Prior Bonds. The parity tests contained in the Prior Resolutions have been met, and written consent of the prior bondholders have been received.

The Series 1998B Bond shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects the Issuer has complied with the requirements for issuance of parity bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the District which are secured by revenues or assets of the System.

5. SIGNATURES: The undersigned Chairman and Secretary are the duly elected or appointed, qualified and serving officers of the Board of the District as indicated by the official titles opposite their signatures below, and were duly authorized to execute and seal the Series 1998B Bond for the District. The seal impressed upon the Series 1998B Bond, and this Certificate is the duly authorized, proper and only seal of the District.

6. PUBLIC SERVICE COMMISSION ORDER; RATES: The undersigned Attorney hereby certifies that the District has filed all information with the Public Service Commission (the "PSC") and taken all other action required to maintain the PSC Final Order and PSC Corrective Order issued in Case No. 98-0490-S-PSD-PC, in full force and effect, and has taken all other action required by applicable law.

7. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the District is "Shady Spring Public Service District," and it is a public corporation organized and existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia in Raleigh County of said State. The governing body of the District is its Public Service Board, consisting of three (3) members, whose names and dates of commencement and termination of terms of office during these Bond proceedings are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Robert G. Lilly Chairman	12/31/91	12/31/2003
Ronnie Barker Secretary/Treasurer	4/8/94	12/31/99
Joseph Scheff Commissioner	1/5/96	12/31/2001

At the 1998 organizational meeting of the Board, the following were duly elected and qualified as officers of the Board: Robert G. Lilly, Chairman and Ronnie Barker, Secretary-Treasurer.

John F. Parkulo, Esq., whose signature appears hereon is the duly appointed and acting Attorney for the District.

8. MEETINGS: All actions, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the District in any way connected with the planning, design and financing of the Project were authorized or adopted at meetings of the Board duly and regularly or specially called and held pursuant to all applicable statutes and the rules of procedure of the Board, and a quorum of duly appointed, qualified and acting members of the Board was present and acting at all times during all such meetings.

9. INSURANCE: The District will maintain or, as appropriate, will require all contractors to maintain Worker's Compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance where applicable, in accordance with the Resolutions and the Loan Agreements.

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

11. SPECIMEN BOND: Attached hereto as Exhibit A is the specimen of the Series 1998B Bond this day delivered to the Authority and being substantially in the form prescribed in the Resolution.

12. CONFLICTS OF INTEREST: No officer or employee of the District has a substantial financial interest, direct, indirect, by reason of ownership of stock or otherwise, in any corporation, in any contract with the District or to any contractor supplying the District, relating to the Series 1998B Bond 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.

13. NO FEDERAL GUARANTY: The Series 1998B Bond are not, in whole or in part, and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

14. (PURPOSEFULLY LEFT VACANT).

15. CLEAN WATER ACT: The Project as described in the Bond Resolutions and RUS Letter of Conditions complies with Sections 208 and 303(e) of the Clean Water Act.

16. WETLANDS COVENANT: The use of any proceeds of these Bonds for a purpose that will contribute to excessive erosion of highly erodible lands or to the conversion of wetlands to produce an agricultural commodity will constitute an Event of Default under the Bond Resolution.

17A. DELIVERY, PAYMENT AND TERMS OF BONDS: On the date hereof, the Bond was delivered to said WDA by the undersigned Chairman. At the time of such delivery, the Bond had been duly and fully executed and sealed on behalf of the District in accordance with the Bond Resolution. The District received by check the first advance under the Bond in the amount of $834,817 representing more than a de minimus portion of the Bond proceeds.

The Bonds are dated the date hereof, and interest thereon at the rate of zero percent (0%) per annum is payable from such date on the amounts advanced under the Bonds. The Bonds shall be subject to prepayment of scheduled installments, or any portion thereof, at the option of the District, and shall be payable as to both principal and interest as provided in the 1998B Bonds.

17B. On the date hereof, the District received $843,817 from the Authority and the DEP, being a portion of the principal amount of the Series 1998B Bonds, and more than a de minimum amount of the proceeds of 1998B Series of Bond. The remaining balance, if any, in the principal amount of each series of Bonds will be advanced to the District from time to time as acquisition and construction of the Project progresses.

17C. On the date hereof, proceeds of the Series 1998B Bonds shall be deposited as follows:

a) to 1998B Debt Service Reserve Account $42,100

The above noted deposit along with the reserve account deposit for the 1998B Bonds and the funds held at the Municipal Bond Commission for the Series 1998B Bonds will provide for fully funded debt service reserve accounts.

18. PRIVATE OF OF FACILITIES: The District shall at all times, take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to ensure

the initial and continued tax-exempt status of the 1998B 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 District) 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 on, or the interest on, such issue, under the terms of 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 District) 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 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 or other than use as a member of the general public. All of the foregoing shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder (the "Code").

19. 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's (water treatment and distribution) (wastewater collection and treatment) facilities 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 the purpose 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 Issuers ability to make all principal and interest payments for the (Bonds) (Note) (Bonds and Prior Bonds) contemplated by the (Ordinance) (Resolution) as and when they become due.

WITNESS our signatures and the official corporate seal of the Shady Spring Public Service District on this 17th day of December, 1998.

[SEAL]

Signature	Official Title
_____	Chairman
_____	Secretary
_____	Attorney for District

EXHIBIT A

Specimen of Series 1998B Bond
(see Tab No. 19)

SHADY SPRING PUBLIC SERVICE DISTRICT

$839,000.00
Shady Spring Public Service District Sewer System Revenue Bonds
Series 1998B

CERTIFICATE OF CONSULTING ENGINEER

I, C. Myron Amick, Registered Professional Engineer, West Virginia License No. 9351, of L. A. Gates Company, Consulting Engineers, Beckley, West Virginia, hereby certify that my firm is engineer for the construction of the Shady Spring Public Service District's Glade Springs Sewer System Purchase (the "Project") of the Shady Spring Public Service District (the "Issuer") located in Raleigh County, West Virginia, which acquisition is being primarily financed by the above-captioned bond (the "Bond") of the Issuer. Capitalized words not defined herein shall have the meanings set forth in the Resolutions passed by the Public Service District Board of the Issuer on December 17, 1998 and by Supplemental Resolution passed December 17, 1998, and a Loan Agreement between the Issuer and West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection dated December 17, 1998.

1. The Bonds are being issued for the purpose of financing the acquisition of the existing Glade Springs wastewater collection and pumping system; funding the reserve account and paying costs of issuance. The wastewater collection system consists of approximately 63,000 l.f. of 8-inch gravity sewer, 6,100 l.f. of 6-inch gravity sewer, 248 manholes, 2,600 l.f. of force main and three pump stations. Purchase of the system will add approximately 340 customers to the Shady Spring Public Service District's system.

2. The undersigned hereby certifies that (I) the Project is 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(40) years, (iii) the Issuer has negotiated a price for purchase of the project in an amount and otherwise compatible with the plan of financing described in the Application, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the Project, (v) the rates and charges for the System as set by the Public Service Commission and adopted by the Public Service Board of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) of the Loan Agreement, (vi) 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 therefore, are sufficient to pay the costs of 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.

3. I further state that to the best of my knowledge all requirements of the Letters of Conditions for the SRF Loan and the SRF Loan Agreement and all amendments thereto have been reviewed and that the Issuer has complied with or will be in compliance with all requirements thereof consistent with the Project's funding schedule.

4. The undersigned hereby certifies as follows:

We serve as the consulting engineer for the Shady Spring Public Service District with respect to the wastewater collection and treatment system (the "Prior Project"), which was financed in whole or in part by a loan from the West Virginia Water Development Authority dated August 8, 1982. After due review of the Prior Project, we hereby certify that the weighted average reasonably expected remaining economic life of the Prior Project, as of the date of this certification is at least forty (40) years.

WITNESS my signature this 17TH day of DECEMBER, 1998.

L. A. GATES COMPANY

By _____
West Virginia License No. 9351

[SEAL]

Glade

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: SHADY SPRING PUBLIC SERVICE DISTRICT

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

A. Cost of Project

1.	Construction	$ -0-	
2.	Technical Services	$ -0-	
3.	Legal and Fiscal	$ 9,900.00	
4.	Administrative	$ 2,000.00	
* 5.	Site and Other Lands	$ 780,000.00	
** 6.	Fac. Plan/Design or Other Loan Repayment (Specify Type: _____)	$	
7.	Interim Financing Costs	$	
8.	Contingency	$	
9.	Total of Lines 1 Through 8		$ 791,000.00

B. Sources of Funds

10.	Federal Grants:[1]	$	
	(Specify Sources)	$	
11.	State Grants:[1]	$	
	(Specify Sources)	$	
12.	Other Grants:[1]	$	
	(Specify Sources)	$	
13.	Any Other Source[2]	$	
	(Specify)	$	
14.	Total of Lines 10 Through 13		$ -0-
15.	Net Proceeds Required from Bond Issue (Line 9 minus Line 14)		$ 791,000.00

C. Cost of Financing

16.	Capitalized Interest (Construction period plus six months)	$	
17.	Funded Reserve Account[3]	$ 42,100.00	
18.	Other Costs:[4]	$ 5,000.00 (Bond counsel)	
		$	
19.	Total Cost of Financing (lines 16 - 18)	$ 47,100.00	
20.	Size of Bond Issue (Line 15 plus Line 19)		$ 839,000.00

* not allowable for State Revolving Fund Assistance

** WDA loans are not allowable

Signature of Applicant

Signature of Consulting Engineer

Date October 8, 1998

Date October 8, 1998

JAMES H. GRAVER
CERTIFIED PUBLIC ACCOUNTANT

3324 PENNSYLVANIA AVE.
CHARLESTON, WV 25302

(304) 344 -3324
(304) 965-5758

December 17, 1998

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

West Virginia Division of Environmental
Protection
617 Broad Street
Charleston, West Virginia 25301

Shady Spring Public Service District
Post Office Box 235
Beaver, West Virginia 25813-0235

John T. Poffenbarger
Bank One Center, Suite 910
Charleston, West Virginia 25301

Ladies and Gentlemen:

Based upon the rates and charges now in effect, projected operation and maintenance expenses and anticipated customer usage as furnished to us by Shady Spring Public Service District (the "Issuer"), it is our opinion that such rates and charges will be sufficient to provide revenue which, together with other revenues of the sewerage system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 115% of the maximum amount required in any Fiscal Year for debt service on the Issuer's Sewer System Revenue Bonds, Series 1998B (the "Bond"), and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bond, including all Prior Bonds of the Issuer as defined and described in the Bond Resolution of the Issuer, adopted December 17, 1998, authorizing the Bonds (the "Bond Resolutions"). It is our opinion that the Net Revenues actually derived from the System during 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual net Revenues to be received in each of the 3 succeeding years after the issuance of the Bonds, are not less than 115% of the largest aggregate amount that will mature and become due

in any succeeding Fiscal Year for the principal of and interest of the Prior Bonds and the Bond. The Issuer has met the parity tests in the Resolutions and the Prior Resolutions and the Bonds are a parity with its Prior Bonds. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this letter for events and circumstances occurring after the date of this letter . Capitalized terms used in and not otherwise defined herein shall have the meanings assigned to them in the Bond Resolution.

Very truly yours,

James H. Graver

James H. Graver

SHADY SPRING PUBLIC SERVICE DISTRICT
$839,000 SEWER SYSTEM REVENUE BONDS SERIES 1998B

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 17th day of December, 1998, by and between SHADY SPRING PUBLIC SERVICE DISTRICT, a public corporation under and pursuant to the laws of the State of West Virginia (the "Governmental Agency"), and BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION (the "Registrar")).

WHEREAS, the Governmental Agency has, contemporaneously with the execution hereof, issued and sold its $839,000 Sewer System Revenue Bonds, pursuant to the Resolution duly adopted December 17, 1998, effective December 17, 1998, and Supplemental Resolutions for the Series 1998B adopted December 17, 1998;

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 Resolutions, copies of which are attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Resolutions provides for an appointment by the Governmental Agency of a Registrar for the Bonds; and

WHEREAS, the Governmental Agency desires to appoint, and by the Resolutions and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Resolution and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Governmental Agency 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 Bond, all as set forth in the Resolutions, such duties including, among other things, the duties to authenticate, register and deliver the Bond upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of

interest on the Bond 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 Governmental Agency advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Governmental Agency with appropriate records of all transactions carried out by it as Registrar and to furnish the Governmental Agency 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 Governmental Agency 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 Governmental Agency.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Governmental Agency hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection with this Registrar's Agreement.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Resolutions with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Resolutions, the terms of the Resolutions shall govern.

6. The Governmental Agency 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 Resolutions 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 address:

GOVERNMENTAL AGENCY:

SHADY SPRING PUBLIC SERVICE DISTRICT
Post Office Box 236
Beaver, West Virginia 25813-0235

REGISTRAR:

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION
707 Virginia Street East
Charleston, West Virginia 25301

The Governmental Agency and the Registrar shall notify the other in writing of any change of address.

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Ordinance.

IN WITNESS WHEREOF, SHADY SPRING PUBLIC SERVICE DISTRICT and BANK ONE, WEST VIRGINIA, 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 above-written.

SHADY SPRING PUBLIC SERVICE DISTRICT

By: _____
Chairman

BANK ONE, WEST VIRGINIA,
NATIONAL ASSOCIATION

By: _____
Authorized Officer

EXHIBIT A

See Bond Resolution (Tab No. 7)

SHADY SPRING PUBLIC SERVICE DISTRICT
$839,000 SEWER SYSTEM REVENUE BONDS SERIES 1998B

ACCEPTANCE OF DUTIES OF REGISTRAR

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, a national banking association with its principal office in Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Series 1998B Bond Resolution of the Shady Spring Public Service District adopted December 17, 1998, and the Supplemental Resolution adopted December 17, 1998,authorizing issuance of Shady Spring Public Service District Sewer Revenue Bonds, Series 1998B in the principal amount of $839,000 dated December 17, 1998 and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in said Resolution.

WITNESS my signature as of December 17, 1998.

BANK ONE, WEST VIRGINIA,
NATIONAL ASSOCIATION

By: Mel E. Pure

COPY

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SHADY SPRING PUBLIC SERVICE DISTRICT
SEWER SYSTEM REVENUE BOND, SERIES 1998B

No. R-1

$839,000

KNOW ALL MEN BY THESE PRESENTS: That SHADY SPRING PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Raleigh 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 $839,000 or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in installments on the 1st day of June, the 1st day of September, the 1st day of December and the 1st day of March in each year beginning June 1, 1999, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference, with interest on each installment at the rate of zero percent (0%) per annum as set forth on said Exhibit B. The SRF Administrative Fee of 1% shall also be payable quarterly on the 1st day of June, the 1st day of September, the 1st day of December and the 1st day of March of each year beginning June 1, 1999 as set forth on Exhibit B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement dated October 23, 1998 among the Authority, the DEP and the Issuer.

This Bond is issued in the aggregate principal amount of $ 839,000 (i) to pay the costs of acquisition of the facility and construction of certain improvements and

extensions to the sewerage system of the Issuer (the "Project"), (ii) to fully fund the Reserve Account; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), a Resolution duly adopted by the Issuer on the 17th day of December, 1998, and a Supplemental Resolution adopted by the Issuer on the 17th day of December, 1998 (collectively called the "Resolution"), and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

THIS BOND SHARES A FIRST LIEN PARITY POSITION WITH RESPECT TO SOURCES OF AND SECURITY FOR PAYMENT WITH THE OUTSTANDING SHADY SPRING PUBLIC SERVICE DISTRICT'S PRIOR BONDS, AS DEFINED IN THE RESOLUTION.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Resolution) to be derived from the operation of the System on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds and moneys in the Reserve Account created under the Resolution and unexpended proceeds of the Bond (the "Bond Proceeds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute 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 thereon except from said special fund provided from the Net Revenues, the moneys in the Reserve Account and unexpended Bond Proceeds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient 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 amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest, if any, on all obligations on a parity with or prior to the Bonds including the Prior Bonds payable from such revenues, provided however, that so long as there exists in the Reserve Account an amount equal to the maximum amount of principal and interest which will become due on said Bond in the then current year or any succeeding year and the reserve account for any other obligations outstanding on a parity with the Bond including the Prior Bonds, is funded at 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 Resolution. Remedies provided the registered owners of the Bonds are exclusively as provided in the Resolution, 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 Resolution, only upon the books of the Bank One, West Virginia National Association, Charleston, West Virginia as registrar (the "Registrar") by the Registered Owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the costs of the Project described in the Resolution, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the 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 in the issuance of this Bond have existed, 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 revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, SHADY SPRING 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-Treasurer, and has caused this Bond to be dated December 17, 1998.

[SEAL]

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1998B Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: December 17, 1998

Bank One, West Virginia, National Association,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $834,817	December 17, 1998	(7) $	
(2) $		(8) $	
(3) $		(9) $	
(4) $		(10) $	
(5) $		(11) $	
(6) $		(12) $	

TOTAL $_____

Glade Springs System Purchase for Shady Spring PSD, WV

SRF Loan No. C-544254

$839,000; 20 Years; 0% Interest; 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/1998	-	-	-
3/01/1999	-	-	-
6/01/1999	10,487.50	-	10,487.50
9/01/1999	10,487.50	-	10,487.50
12/01/1999	10,487.50	-	10,487.50
3/01/2000	10,487.50	-	10,487.50
6/01/2000	10,487.50	-	10,487.50
9/01/2000	10,487.50	-	10,487.50
12/01/2000	10,487.50	-	10,487.50
3/01/2001	10,487.50	-	10,487.50
6/01/2001	10,487.50	-	10,487.50
9/01/2001	10,487.50	-	10,487.50
12/01/2001	10,487.50	-	10,487.50
3/01/2002	10,487.50	-	10,487.50
6/01/2002	10,487.50	-	10,487.50
9/01/2002	10,487.50	-	10,487.50
12/01/2002	10,487.50	-	10,487.50
3/01/2003	10,487.50	-	10,487.50
6/01/2003	10,487.50	-	10,487.50
9/01/2003	10,487.50	-	10,487.50
12/01/2003	10,487.50	-	10,487.50
3/01/2004	10,487.50	-	10,487.50
6/01/2004	10,487.50	-	10,487.50
9/01/2004	10,487.50	-	10,487.50
12/01/2004	10,487.50	-	10,487.50
3/01/2005	10,487.50	-	10,487.50
6/01/2005	10,487.50	-	10,487.50
9/01/2005	10,487.50	-	10,487.50
12/01/2005	10,487.50	-	10,487.50
3/01/2006	10,487.50	-	10,487.50
6/01/2006	10,487.50	-	10,487.50
9/01/2006	10,487.50	-	10,487.50
12/01/2006	10,487.50	-	10,487.50
3/01/2007	10,487.50	-	10,487.50
6/01/2007	10,487.50	-	10,487.50
9/01/2007	10,487.50	-	10,487.50
12/01/2007	10,487.50	-	10,487.50
3/01/2008	10,487.50	-	10,487.50
6/01/2008	10,487.50	-	10,487.50
9/01/2008	10,487.50	-	10,487.50
12/01/2008	10,487.50	-	10,487.50
3/01/2009	10,487.50	-	10,487.50
6/01/2009	10,487.50	-	10,487.50
9/01/2009	10,487.50	-	10,487.50
12/01/2009	10,487.50	-	10,487.50
3/01/2010	10,487.50	-	10,487.50
6/01/2010	10,487.50	-	10,487.50

Glade Springs System Purchase for Shady Spring PSD, WV

SRF Loan No. C-544254

$839,000; 20 Years; 0% Interest; 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2010	10,487.50	-	10,487.50
12/01/2010	10,487.50	-	10,487.50
3/01/2011	10,487.50	-	10,487.50
6/01/2011	10,487.50	-	10,487.50
9/01/2011	10,487.50	-	10,487.50
12/01/2011	10,487.50	-	10,487.50
3/01/2012	10,487.50	-	10,487.50
6/01/2012	10,487.50	-	10,487.50
9/01/2012	10,487.50	-	10,487.50
12/01/2012	10,487.50	-	10,487.50
3/01/2013	10,487.50	-	10,487.50
6/01/2013	10,487.50	-	10,487.50
9/01/2013	10,487.50	-	10,487.50
12/01/2013	10,487.50	-	10,487.50
3/01/2014	10,487.50	-	10,487.50
6/01/2014	10,487.50	-	10,487.50
9/01/2014	10,487.50	-	10,487.50
12/01/2014	10,487.50	-	10,487.50
3/01/2015	10,487.50	-	10,487.50
6/01/2015	10,487.50	-	10,487.50
9/01/2015	10,487.50	-	10,487.50
12/01/2015	10,487.50	-	10,487.50
3/01/2016	10,487.50	-	10,487.50
6/01/2016	10,487.50	-	10,487.50
9/01/2016	10,487.50	-	10,487.50
12/01/2016	10,487.50	-	10,487.50
3/01/2017	10,487.50	-	10,487.50
6/01/2017	10,487.50	-	10,487.50
9/01/2017	10,487.50	-	10,487.50
12/01/2017	10,487.50	-	10,487.50
3/01/2018	10,487.50	-	10,487.50
6/01/2018	10,487.50	-	10,487.50
9/01/2018	10,487.50	-	10,487.50
12/01/2018	10,487.50	-	10,487.50
3/01/2019	10,487.50	-	10,487.50
Total	839,000.00	-	839,000.00 *

* Plus one-percent administrative fee paid quarterly in the amount of $1,061.86. Total administrative fee paid over the life of the loan is $84,948.80.

Form of Assignment

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

_____

_____

the within Bond and does hereby irrevocably constitute and appoint

_____, Attorney to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

JOHN T. POFFENBARGER

Attorney at Law

BANK ONE CENTER, SUITE 910
707 VIRGINIA STREET EAST
CHARLESTON, WEST VIRGINIA 25301
PHONE (304) 342-1678 • FAX (304) 345-0375

December 17, 1998

Public Service Board
Shady Spring Public Service District
Post Office Box 235
Beaver, West Virginia 25813-0235

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

State of West Virginia
Division of Environmental Protection
Office of Water Resources
617 Broad Street
Charleston, West Virginia

Re: $ 839,000 Shady Spring Public Service District Sewer System Revenue Bonds, Series 1998B

Ladies and Gentlemen:

I am bond counsel to Shady Spring Public Service District (the "Governmental Agency"), a duly organized and presently existing public corporation under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of the loan agreement, dated October 23, 1998, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency, the West Virginia Water Development Authority (the "Authority") and the West Virginia Bureau of Environment ("DEP"), and (ii) the issue of the Shady Spring Public Service District Sewer System Revenue Bonds, Series 1998B of the Governmental Agency, dated December 17, 1998 (the "Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Series 1998B Bond is in the principal amount of $839,000, issued in the form of one bond registered to the Authority, with principal payable June 1, September 1, December 1 and March 1 of each year, beginning June 1, 1999, at the rate of zero percent (0%) per annum

and as set forth in "Schedule Y," attached to the Loan Agreement and incorporated in and made a part of the Bond.

The Bonds are issued for the purposes of paying a portion of the costs of acquisition of the facility, of certain additions, betterments and improvements for the existing public sewerage facilities of the Governmental Agency (the "Project"), funding a reserve account and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which the Bonds are issued, and the Loan Agreement that has been undertaken. The Bonds have been authorized by a bond resolution (the "Resolution") and a supplemental resolution (the "Supplemental Resolution") duly passed by the Governmental Agency on December 17, 1998(collectively the "Local Act"), which contain provisions and covenants substantially in the form of those set forth in the Loan Agreement. 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 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 DEP and cannot be amended so as to affect adversely the rights of the Authority or DEP or diminish the obligations of the Governmental Agency without the consent of the Authority and DEP.

3. The Governmental Agency is a duly organized and presently existing public corporation with full power and authority to construct and acquire the facility and the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Series

1998B Bond, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively adopted the Local Act and all other necessary resolutions and orders in connection with the issuance and sale of the Bonds.

5. The Series 1998B Bond is a 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 are secured by a first lien on and pledge of the net revenues of said System and the Series 1998B Bonds are on a parity as to security and source of payment, and are on a parity with the Series 1982B Bonds, the Series 1994A Bonds, the Series 1996A Bonds, the Series 1997B Bonds, the Series 1997C, the Series 1997D Bonds, and the Series 1998A Bonds (the "Prior Bonds"); as more fully defined in the Local Act.

6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Series 1998B Bond and the Prior Bonds, as provided in the Local Act.

7. 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 referred to in the Bond Resolution and the Prior Resolutions and secured by a first lien on and pledge of the Net Revenues of said System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Prior Bonds and the Series 1998B Bonds, all in accordance with the terms of the Bonds, the Bond Resolutions and the Prior Resolutions. Based upon the certificate of the certified public accountant dated December 17, 1998, the Issuer has met the coverage requirements for issuance of parity bonds of the Prior Bonds and the resolutions authorizing the Prior Bonds. The Issuer has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not a material nature.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds and the Local Act may be

subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that such enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

I have examined the executed Series 1998B Bond numbered R-1, and in our opinion the form of said Bonds and their execution and authentication are regular and proper.

Very truly yours,

John T. Poffenbarger

SHADY SPRING PUBLIC SERVICE DISTRICT

$839,000 Sewer System Revenue Bonds,
Series 1998B

RECEIPT FOR BOND

The undersigned, Barbara B. Meadows, Secretary-Treasurer of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, hereby certifies as follows:

1. On the 17th day of December, 1998, in Charleston, West Virginia, the Authority received the entire original issue of $839,000 in aggregate principal amount of Shady Spring Public Service District Sewer System Revenue Bonds, Series 1998B (the "Bond"), said Bond being dated the 17th day of December, 1998, and issued in the form of one bond, fully registered to the Authority, and numbered R-1.

2. At the time of receipt of the Series 1998B Bond, they had been executed by Robert G. Lilly, as Chairman of the Public Service Board of the District, by manual signature, and attested by Ronnie Barker, as Acting Secretary/Treasurer of the Public Service Board of the District, by manual signature, and the official seal of said District had been impressed upon the Bond.

IN WITNESS WHEREOF, Barbara B. Meadows duly signed and delivered this receipt on behalf of the West Virginia Water Development Authority on the 17th day of December, 1998.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: Barbara B Meadows
Secretary-Treasurer

SHADY SPRING PUBLIC SERVICE DISTRICT
SEWER SYSTEM REVENUE BONDS
SERIES 1998B

RECEIPT FOR BOND PROCEEDS

The undersigned, Robert G. Lilly, Chairman of the Shady Spring Public Service District (the "District"), hereby certifies as follows:

1. The District has received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as original purchaser of the $839,000 Shady Spring Public Service District Sewer System Revenue Bonds, Series 1998B (the "Series 1998B Bond"), of $834,817 being more than a de minimis portion of the purchase price of the Series 1998B Bond. The District understands that the remaining proceeds will be advanced to the District from time to time as construction proceeds to completion.

IN WITNESS WHEREOF, the Shady Spring Public Service District has caused this receipt to be executed by its Chairman on this 17th day of December, 1998.

SHADY SPRING PUBLIC SERVICE DISTRICT

By _____
CHAIRMAN

CHASFS3:107589

WV MUNICIPAL BOND COMMISSION
Suite 300
812 Quarrier St
Charleston, WV 25301
PH (304) 558-3971
FAX (304) 558-1280

NEW ISSUE REPORT FORM

Date of Report: December 17, 1998

(See Reverse for Instructions)

ISSUER & ISSUE: $839,000 Shady Spring Public Service District Sewer Revenue Bonds, Series 1998B

ADDRESS: P.O. Box 235, Beaver, WV 25813- 0235 COUNTY: Raleigh

PURPOSE OF ISSUE: New Money X Refunding ____ Refunds issue(s) dated:

ISSUE DATE: December 17, 1998 CLOSING DATE: December 17, 1998

ISSUE AMOUNT: $ 839,000.00 RATE: 0%

st DEBT SERVICE DUE: June 1, 1999 1st PRINCIPAL DUE: June 1, 1998

st DEBT SERVICE AMOUNT: 10,487.50 PAYING AGENT: WV Municipal Bond Commission

ISSUERS
BOND COUNSEL: John T. Poffenbarger, Esq.
Contact Person: John T. Poffenbarger
Phone: (304)342-1678
CLOSING BANK: First State Bank & Trust
Contact Person: Beckley
Phone: (304)255-1551
KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Jerry Smith
Position: Director
Phone: (304)255-1565 Fax:

UNDERWRITERS
BOND COUNSEL:
Contact Person:
Phone:
ESCROW TRUSTEE: WV Municipal Bond Commission
Contact Person:
Phone:
OTHER: Bank One, West Virginia, N.A.
Contact Person: Mike Puskar
Function: Registrar
Phone: (304)348-4411

DEPOSITS TO MBC AT CLOSE:
By ____ Wire
X Check
____ IGT

Accrued Interest: _____ Days $
Capitalized Interest: $
Reserve Account: $ 42,100.
Other: $

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By ____ Wire
____ Check
____ IGT

To Escrow Trustee: $
To Issuer: $
To CIF-State Treasury $
To Other: $

NOTES:

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

Form MBC-1 (9/87)

#1

1A-82
ised 4/95

STATE OF WEST VIRGINIA
DIVISION OF ENVIRONMENTAL PROTECTION
OFFICE OF WATER RESOURCES
1201 GREENBRIER STREET
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

WATER POLLUTION CONTROL PERMIT

rmit No. WV0080403

bject: Sewage Facilities

Issue Date: May 31, 1995

Effective Date: June 30, 1995

Expiration Date: May 30, 2000

Supersedes: WV/NPDES Permit No. WV0080403; Issue Date: April 19, 1989

ocation: Glen Morgan (City) Raleigh (County) Kanawha (Drainage Basin)

utlet ites: Latitude: 37°45'33"N Longitude: 81°09'19"W

To whom it may concern:

This is to certify that Shady Spring Public Service District
P. O. Box 235
Beaver, WV 25813-0235

is hereby granted a NPDES Water Pollution Control Permit to operate and maintain an existing wastewater collection system and an existing 0.80 MGD extended aeration wastewater treatment plant which are further described as follows.

A wastewater collection system comprised of approximately 1,100 linear feet of six(6) inch diameter gravity sewer line, 271,000 linear feet of eight(8) inch diameter gravity sewer line, 700 linear feet of 10 inch diameter gravity sewer line, 11,900 linear feet of 12 inch diameter gravity sewer line, 11,500 linear feet of 15 inch diameter gravity sewer line, 4,600 linear feet of 18 inch diameter gravity sewer line, 4,300 linear feet of 21 inch diameter gravity sewer line, 1,719 manholes, 102 cleanouts, seven(7) lift stations, 1,000 linear feet of two(2) inch diameter force main, 2,600 linear feet of six(6) inch diameter force main, 3,200 linear feet of eight(8) inch diameter force main, 1,900 linear feet of 10 inch diameter force main, and all requisite appurtenances.

(Continued on Page 2)

State of West Virginia

CERTIFICATE

I, Ken Hechler, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 16 ARTICLE 13A OF THE WEST VIRGINIA CODE AND CHAPTER 16 ARTICLE 13A OF THE 1993 CUMULATIVE SUPPLEMENT TO THE WEST VIRGINIA CODE AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia, on this

SEVENTH *day of*

OCTOBER *19* 93

Ken Hechler

Secretary of State

Textbooks. — Administrative Law in West Virginia (Neely), § 3.07.

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

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

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

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

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec.

16-13A-1. Legislative findings.
16-13A-1a. Jurisdiction of the public service commission.
16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.
16-13A-1c. General purpose of districts.
16-13A-2. Creation of districts by county commission; enlarging, reducing or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.
16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.
16-13A-3a. Removal of members of public service board.
16-13A-4. Board chairman; members' compensation; procedure; district name.
16-13A-5. General manager of board.
16-13A-6. Employees of board.
16-13A-7. Acquisition and operation of district properties.
16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.
16-13A-9. Rules and regulations; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.
16-13A-9a. Limitations with respect to foreclosure.
16-13A-10. Budget.
16-13A-11. Accounts; audit.
16-13A-12. Disbursement of district funds.
16-13A-13. Revenue bonds.
16-13A-14. Items included in cost of properties.
16-13A-15. Bonds may be secured by trust indenture.
16-13A-16. Sinking fund for revenue bonds.
16-13A-17. Collection, etc., of revenues and enforcement of covenants; default; suit, etc., by bondholder or trustee to compel performance of duties; appointment and powers of receiver.
16-13A-18. Operating contracts.
16-13A-18a. Sale, lease or rental of water, sewer or gas system by district; distribution of proceeds.
16-13A-19. Statutory mortgage lien created; foreclosure thereof.
16-13A-20. Refunding revenue bonds.
16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption.
16-13A-22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards.
16-13A-23. Validation of acts and proceedings of public service boards.
16-13A-24. Acceptance of loans, grants or temporary advances.

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

Editor's notes. — For redesignation of department of health as division of health, within the department of health and human resources, see § 5F-2-1.

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

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

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

Public service districts are "public utilities." 50 Op. Att'y Gen. 447 (1963).

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

Cited in Berkeley County Pub. Serv. Dist. v. Vitro Corp. of Am., 152 W. Va. 252, 162 S.E.2d 189 (1968); State v. Neary, 365 S.E.2d 395 (W. Va. 1987).

§ 16-13A-1. Legislative findings.

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

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

mission shall promulgate rules and regulations to effectuate the expanded powers given to the commission relating to public service districts. (1953, c. 147; 1980, c. 60; 1986, c. 81.)

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

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

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

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

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

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

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

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

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

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

Each county commission shall conduct a study of all public service districts which have their principal offices within its county and shall develop a plan relating to the creation, consolidation, merger, expansion or dissolution of such districts or the consolidation or merger of management and administrative services and personnel and shall present such plan to the public service commission for approval, disapproval, or modification: Provided, That within ninety days of the effective date of this section [June 6, 1986] each county commission in this state shall elect either to perform its own study or request that the public service commission perform such study. Each county commission electing to perform its own study shall have one year from the date of election to present such plan to the public service commission. For each county wherein the county commission elects not to perform its own study, the public service commission shall conduct a study of such county. The public service commission shall establish a schedule for such studies upon a priority

basis, with those counties perceived to have the greatest need of creation or consolidation of public service districts receiving the highest priority. In establishing the priority schedule, and in the performance of each study, the department of health and the department of natural resources shall offer their assistance and cooperation to the public service commission. Upon completion by the public service commission of each study, it shall be submitted to the appropriate county commission for review and comment. Each county commission shall have six months in which to review the study conducted by the public service commission, suggest changes or modifications thereof, and present such plan to the public service commission. All county plans, whether conducted by the county commission itself or submitted as a result of a public service commission study, shall, by order, be approved, disapproved or modified by the public service commission in accordance with rules and regulations promulgated by the public service commission and such order shall be implemented by the county commission. (1986, c. 81.)

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

Any territory constituting the whole or any part of one or more counties in the state so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of, properties supplying water or sewerage services or gas distribution services or all of these within such territory, will be conducive to the preservation of the public health, comfort and convenience of such area, may be constituted a public service district under and in the manner provided by this article. The words "public service properties," when used in this article, shall mean and include any facility used or to be used for or in connection with (1) the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (herein sometimes referred to as "water facilities"), (2) the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (herein sometimes referred to as "sewer facilities" or "landfills") or (3) the distribution or the furnishing of natural gas to the public for industrial, public, private or other uses (herein sometimes referred to as "gas utilities or gas system"). (1986, c. 81.)

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

The county commission of any county may, on its own motion by order duly adopted or upon the recommendation of the public service commission, propose the creation of such public service district within such county, setting forth in such order a description, including metes and bounds, sufficient to

identify the territory to be embraced therein and the name of such proposed district, or twenty-five percent of the registered voters who reside within the limits of such proposed public service district within one or more counties may petition for the creation thereof, which petition shall contain a description, including metes and bounds, sufficient to identify the territory to be embraced therein and the name of such proposed district: Provided, That after the effective date of this section [June 6, 1986], no new public service district shall be created under this section without the written consent and approval of the public service commission, which approval and consent shall be in accordance with rules and regulations promulgated by the public service commission and may only be requested after consent is given by the appropriate county commission or commissions pursuant to this section. Any territory may be included regardless of whether or not such territory includes one or more cities, incorporated towns or other municipal corporations which own and operate any public service properties and regardless of whether or not it includes one or more cities, incorporated towns or other municipal corporations being served by privately owned public service properties: Provided, however, That the same territory shall not be included within the boundaries of more than one public service district except where such territory or part thereof is included within the boundaries of a separate public service district organized to supply water, sewerage services or gas facilities not being furnished within such territory or part thereof: Provided further, That no city, incorporated town or other municipal corporation shall be included within the boundaries of such proposed district except upon the adoption of a resolution of the governing body of such city, incorporated town or other municipal corporation consenting.

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

When the county commission of any county enters an order on its own motion proposing the creation of a public service district, as aforesaid, or when a petition for such creation is presented, as aforesaid, the county commission shall at the same session fix a date of hearing in such county on the creation of the proposed public service district, which date so fixed shall be not more than forty days nor less than twenty days from the date of such action. If the territory proposed to be included is situated in more than one county, the county commission, when fixing a date of hearing, shall provide for notifying the county commission and clerk thereof of each of the other counties into which the territory extends of the date so fixed. The clerk of the county commission of each county in which any territory in the proposed public service

district is located shall cause notice of such hearing and the time and place thereof, and setting forth a description of all of the territory proposed to be included therein to be given by publication as a Class I legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be by publication in each city, incorporated town or municipal corporation if available in each county in which any territory in the proposed public service district is located. The publication shall be at least ten days prior to such hearing. In all cases where proceedings for the creation of such public service districts are initiated by petition as aforesaid, the person filing the petition shall advance or satisfactorily indemnify the payment of the cost and expenses of publishing the hearing notice, and otherwise the costs and expenses of such notice shall be paid in the first instance by the county commission out of contingent funds or any other funds available or made available for that purpose. In addition to the notice required herein to be published, there shall also be posted in at least five conspicuous places in the proposed public service district, a notice containing the same information as is contained in the published notice. The posted notices shall be posted not less than ten days before the hearing.

All persons residing in or owning or having any interest in property in such proposed public service district shall have an opportunity to be heard for and against its creation. At such hearing the county commission before which the hearing is conducted shall consider and determine the feasibility of the creation of the proposed district. If the county commission determines that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement and extension of public service properties by such public service district will be conducive to the preservation of public health, comfort and convenience of such area, the county commission shall by order create such public service district. If the county commission, after due consideration, determines that the proposed district will not be conducive to the preservation of public health, comfort or convenience of such area or that the creation of the proposed district as set forth and described in the petition or order is not feasible, it may refuse to enter an order creating the district or it may enter an order amending the description of the proposed district and create the district as amended. If the county commission determines that any other public service district or districts can adequately serve the area of the proposed public service district, whether by expansion, merger or other means, it shall refuse to enter an order creating the proposed district and shall enter an order expanding, merging or consolidating the area with an existing public service district, in accordance with rules and regulations adopted by the public service commission for such purpose: Provided, That no expansion of a public service district may occur if the present or proposed physical facilities of the public service district are determined by the appropriate county commission or the public service commission to be inadequate to provide such expanded service. The clerk of the county commission of each county into which any part of such district extends shall retain in his office an authentic copy of the order creating, expanding, merging or consolidating the district:

Provided, however, That within ten days after the entry of an order creating, expanding or merging or consolidating a district, such order must be filed for review and approval by the public service commission. The public service commission shall provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interests of the public to do so. The public service commission shall adopt rules and regulations relating to such filings and the approval, disapproval or modification of county commission orders for creating, expanding, merging or consolidating districts.

The county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where facilities, equipment, service or materials have not been extended, or dissolve the district if inactive or establish or consolidate two or more such districts. If consolidation of districts is not feasible, the county commission may consolidate and centralize management and administration of districts within its county or multi-county area to achieve efficiency of operations: Provided, That where the county commission determines on its own motion by order entered of record, or there is a petition to enlarge the district, merge and consolidate districts, or the management and administration thereof, reduce the area of the district or dissolve the district if inactive, all of the applicable provisions of this article providing for hearing, notice of hearing and approval by the public service commission shall apply with like effect as if a district were being created. The commission shall at all times attempt to bring about the expansion or merger of existing public service districts in order to provide increased services and to eliminate the need for creation of new public service districts in those areas which are not currently serviced by a public service district: Provided, however, That where two or more public service districts are consolidated pursuant to this section, any rate differentials may continue for the period of bonded indebtedness incurred prior to consolidation. The districts may not enter into any agreement, contract or covenant that infringes upon, impairs, abridges or usurps the duties, rights or powers of the county commission, as set forth in this article, or conflicts with any provision of this article. A list of all districts and their current board members shall be filed by the county commission with the secretary of state and the public service commission by the first day of July of each year. (1953, c. 147; 1965, c. 134; 1967, c. 105; 1975, c. 140; 1980, c. 60; 1981, c. 124; 1986, c. 81.)

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

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

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

Voters may not force referendum as to continuing or abolishing district. — There is no authority for voters, by written protest or otherwise, to force a referendum upon the issue of whether or not a created public service dis-

trict should be continued or abolished. 52 Op. Att'y Gen. 33 (1966).

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

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

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

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

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

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

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

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

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

From and after the date of the adoption of the order creating any public service district, it shall thereafter be a public corporation and political subdivision of the state, but without any power to levy or collect ad valorem taxes. Each district may acquire, own and hold property, both real and personal, in its corporate name, and may sue, may be sued, may adopt an official seal and may enter into contracts necessary or incidental to its purposes, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing wholesale supply of water for the distribution system of the city, town or other municipal corporation, and contract for the operation, maintenance, servicing, repair and extension of any properties owned by it or for the operation and improvement or extension by the district of all or any part of the existing municipally owned public service properties of any city, incorporated town or other municipal

corporation included within the district: Provided, That no contract shall extend beyond a maximum of forty years, but provisions may be included therein for a renewal or successive renewals thereof and shall conform to and comply with the rights of the holders of any outstanding bonds issued by the municipalities for the public service properties.

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

Each city, incorporated town or other municipal corporation having a population of more than three thousand but not less than eighteen thousand shall be entitled to appoint one member of the board, and each such city, incorporated town or other municipal corporation having a population in excess of eighteen thousand shall be entitled to appoint one additional member of the board for each additional eighteen thousand population. The members of the board representing such cities, incorporated towns or other municipal corporations shall be residents thereof and shall be appointed by a resolution of the governing bodies thereof and upon the filing of a certified copy or copies of the resolution or resolutions in the office of the clerk of the county commission which entered the order creating the district, the persons so appointed shall thereby become members of the board without any further act or proceedings. If the number of members of the board so appointed by the governing bodies of cities, incorporated towns or other municipal corporations included in the district shall equal or exceed three, then no further members shall be appointed to the board and the members shall be and constitute the board of the district.

If no city, incorporated town or other municipal corporation having a population of more than three thousand is included within the district, then the county commission which entered the order creating the district shall appoint three members of the board, who are persons residing within the district, which three members shall become members of and constitute the board of the district without any further act or proceedings.

If the number of members of the board appointed by the governing bodies of cities, incorporated towns or other municipal corporations included within the district is less than three, then the county commission which entered the order creating the district shall appoint such additional member or members of the board, who are persons residing within the district, as is necessary to

make the number of members of the board equal three, and the additional member or members shall thereupon become members of the board; and the member or members appointed by the governing bodies of the cities, incorporated towns or other municipal corporations included within the district and the additional member or members appointed by the county commission as aforesaid, shall be and constitute the board of the district. A person may serve as a member of the board in one or more public service districts.

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

Notwithstanding any provision of this code to the contrary, whenever a district is consolidated or merged pursuant to section two [§ 16-13A-2] of this article, the terms of office of the existing board members shall end on the effective date of the merger or consolidation. The county commission shall appoint a new board according to rules and regulations promulgated by the public service commission.

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

Any vacancy shall be filled for the unexpired term within thirty days, otherwise successor members of the board shall be appointed for terms of six years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be appointed in the same manner as the member succeeded was appointed.

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

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

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

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

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

Furnishing water to border residents in neighboring state. — See Op. Att'y Gen., June 26, 1975.

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

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

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

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

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

The chairman shall preside at all meetings of the board and may vote as any other members of the board but if he should be absent from any meeting, the remaining members may select a temporary chairman and if the member selected as chairman resigns as such or ceases for any reason to be a member of the board, the board shall select one of its members as chairman to serve until the next annual organization meeting. Salaries of each of its board members shall be as follows: For districts with fewer than six hundred customers, each board member shall receive fifty dollars per attendance at regular monthly meetings and thirty dollars per attendance at additional special meetings, total salary not to exceed nine hundred dollars per annum; for districts with six hundred customers or more but fewer than two thousand customers, each board member shall receive one hundred dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed eighteen hundred dollars per annum; and for districts with two thousand customers or more, each board member shall receive one hundred dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed three thousand dollars per annum. The public service district shall certify the number of customers served to the public service commission beginning on the first day of July, one thousand nine hundred eighty-six, and continue each fiscal year thereafter. Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties as provided for by the rules and regulations of the board. The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings may be called. Public notice of meetings shall be given in accordance with section three [§ 6-9A-3], article nine-a, chapter six of this code. Emergency meetings may be called as provided by section three [§ 6-9A-3], article nine-a, chapter six of this code. A majority of the members constituting the board also constitute a quorum to do business. The members of the board are not personally liable or responsible for any obligations of the district or the board but are answerable only for willful misconduct in the performance of their duties. At any time prior to the issuance of bonds as hereinafter provided, the board may by resolution change the official or corporate name of the public service district and such change shall be effective from and after filing an authenticated copy of such resolution with the clerk of the county commission of each county in which the territory embraced within such district or any part thereof is located. The official name of any district created under the provisions of this article may contain the name or names of any city, incorporated town or other municipal corporation included therein or the name of any county or counties in which it is located. (1953, c. 147; 1981, c. 124; 1986, c. 81.)

§ 16-13A-5. General manager of board.

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

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

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

§ 16-13A-6. Employees of board.

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

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

The board of such districts shall have the supervision and control of all public service properties acquired or constructed by the district, and shall have the power, and it shall be its duty, to maintain, operate, extend and improve the same. All contracts involving the expenditure by the district of more than five thousand dollars for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be as specified in section two [§ 16-13A-2] of this article in the

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

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

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

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

ordinance, resolution or other proceedings which authorize the issuance of such revenue bonds or obligations.

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

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

District may exercise control over sewers where ownership is unknown unincorporated areas. 45 Op. Att'y Gen. 506 (1953).

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

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

The board may make, enact and enforce all needful rules and regulations in connection with the acquisition, construction, improvement, extension, management, maintenance, operation, care, protection and the use of any public service properties owned or controlled by the district, and the board shall establish rates and charges for the services and facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any other law or laws, to pay the cost of maintenance, operation and depreciation of such public service properties and principal of and interest on all bonds issued, other obligations incurred under the provisions of this article and all reserve or other payments provided for in the proceedings which authorized the issu-

ance of any bonds hereunder. The schedule of such rates and charges may be based upon either (a) the consumption of water or gas on premises connected with such facilities, taking into consideration domestic, commercial, industrial and public use of water and gas; or (b) the number and kind of fixtures connected with such facilities located on the various premises; or (c) the number of persons served by such facilities; or (d) any combination thereof; or (e) may be determined on any other basis or classification which the board may determine to be fair and reasonable, taking into consideration the location of the premises served and the nature and extent of the services and facilities furnished. Where water, sewer and gas services are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate thereof. The board shall require all users of services and facilities furnished by the district to designate on every application for service whether the applicant is a tenant or an owner of the premises to be served. If the applicant is a tenant, he shall state the name and address of the owner or owners of the premises to be served by the district. All new applicants for service shall deposit a minimum of fifty dollars with the district to secure the payment of service rates and charges in the event they become delinquent as provided in this section. In any case where a deposit is forfeited to pay service rates and charges which were delinquent at the time of disconnection or termination of service, no reconnection or reinstatement of service may be made by the district until another minimum deposit of fifty dollars has been remitted to the district. Whenever any rates, rentals or charges for services or facilities furnished remain unpaid for a period of thirty days after the same become due and payable, the property and the owner thereof, as well as the user of the services and facilities provided shall be delinquent and the owner, user and property shall be held liable at law until such time as all such rates and charges are fully paid: Provided, That the property owner shall be given notice of any said delinquency by certified mail, return receipt requested. The board may, under reasonable rules and regulations promulgated by the public service commission, shut off and discontinue water or gas services to all delinquent users of either water or gas facilities, or both: Provided, however, That upon written request of the owner or owners of the premises, the board shall shut off and discontinue water and gas services where any rates, rentals, or charges for services or facilities remain unpaid by the user of the premises for a period of sixty days after the same became due and payable.

In the event that any publicly or privately owned utility, city, incorporated town, other municipal corporation or other public service district included within the district owns and operates separately either water facilities or sewer facilities, and the district owns and operates the other kind of facilities, either water or sewer, as the case may be, then the district and such publicly or privately owned utility, city, incorporated town or other municipal corporation or other public service district shall covenant and contract with each other to shut off and discontinue the supplying of water service for the nonpayment of sewer service fees and charges: Provided, That any contracts entered into by a public service district pursuant to this section shall be submitted to the public service commission for approval. Any public service district

providing water and sewer service to its customers shall have the right to terminate water service for delinquency in payment of either water or sewer bills. Where one public service district is providing sewer service and another public service district or a municipality included within the boundaries of the sewer district is providing water service, and the district providing sewer service experiences a delinquency in payment, the district or the municipality included within the boundaries of the sewer district that is providing water service, upon the request of the district providing sewer service to the delinquent account, shall terminate its water service to the customer having the delinquent sewer account: Provided, however, That any termination of water service must comply with all rules, regulations and orders of the public service commission.

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

Whenever any district has made available sewer facilities to any owner, tenant or occupant of any house, dwelling or building located near such sewer

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

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

Anything in this section to the contrary notwithstanding, any establishment, as defined in section two [§ 20-5A-2], article five-a, chapter twenty, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the department of natural resources, as prescribed by section seven [§ 20-5A-7], article five-a, chapter twenty of this code, is exempt from the provisions of this section. (1953, c. 147; 1965, c. 134; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1989, c. 174.)

Effect of amendment of 1989. — The amendment in the first paragraph, added the present fourth through seventh sentences, and added the proviso at the end of the last sentence; substituted "shall covenant" for "may covenant" in the first sentence of the second paragraph, and substituted "users" for "user's" near the end of the third paragraph.

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

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

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

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

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

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

§ 16-13A-10. Budget.

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

§ 16-13A-11. Accounts; audit.

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

forwarded within thirty days of submission to the county commission and to the public service commission.

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

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

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

§ 16-13A-13. Revenue bonds.

For constructing or acquiring any public service properties for the authorized purposes of the district, or necessary or incidental thereto, and for constructing improvements and extensions thereto, and also for reimbursing or paying the costs and expenses of creating the district, the board of any such district is hereby authorized to borrow money from time to time and in evidence thereof issue the bonds of such district, payable solely from the revenues derived from the operation of the public service properties under control of the district. Such bonds may be issued in one or more series, may bear such date or dates, may mature at such time or times not exceeding forty years from their respective dates, may bear interest at such rate or rates not exceeding eighteen percent per annum payable at such times, may be in such form, may carry such registration privileges, may be executed in such manner, may be payable at such place or places, may be subject to such terms of redemption with or without premium, may be declared or become due before maturity date thereof, may be authenticated in any manner, and upon compliance with such conditions, and may contain such terms and covenants as may be provided by resolution or resolutions of the board. Notwithstanding the form or tenor thereof, and in the absence of any express recital on the face thereof, that the bond is nonnegotiable, all such bonds shall be, and shall be treated

as, negotiable instruments for all purposes. Bonds bearing the signatures of officers in office on the date of the signing thereof shall be valid and binding for all purposes notwithstanding that before the delivery thereof any or all of the persons whose signatures appear thereon shall have ceased to be such officers. Notwithstanding the requirements or provisions of any other law, any such bonds may be negotiated or sold in such manner and at such time or times as is found by the board to be most advantageous, and all such bonds may be sold at such price that the interest cost of the proceeds therefrom does not exceed nineteen percent per annum, based on the average maturity of such bonds and computed according to standard tables of bond values. Any resolution or resolutions providing for the issuance of such bonds may contain such covenants and restrictions upon the issuance of additional bonds thereafter as may be deemed necessary or advisable for the assurance of the payment of the bonds thereby authorized. (1953, c. 147; 1970, cc. 11, 12; 1970, 1st Ex. Sess., c. 2; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 1989, c. 174.)

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

Effect of amendment of 1989. — The amendment substituted "eighteen percent" for "twelve percent" in the second sentence and "nineteen percent" for "thirteen percent" in the fifth sentence; and made a minor punctuation change.

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

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

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

In the discretion and at the option of the board such bonds may be secured by a trust indenture by and between the district and a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the State of West Virginia, but no such trust indenture shall convey, mortgage or create any lien upon the public service properties or any part thereof. The resolution authorizing the bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of bondholders as may be reasonable and proper, not in violation of law, including covenants setting

forth the duties of the district and the members of its board and officers in relation to the construction or acquisition of public service properties and the improvement, extension, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that all or any part of the construction work shall be contracted for, constructed and paid for, under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, their successors, assignees or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the public service properties or other money pertaining thereto be satisfactory to such purchasers, their successors, assignees or nominees. Such indenture may set forth the rights and remedies of the bondholders and such trustee. (1953, c. 147.)

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

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

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

The board of any such district shall have power to insert enforceable provisions in any resolution authorizing the issuance of bonds relating to the collection, custody and application of revenues of the district from the operation of the public service properties under its control and to the enforcement of the covenants and undertakings of the district. In the event there shall be default in the sinking fund provisions aforesaid or in the payment of the principal or interest on any of such bonds or, in the event the district or its board or any of its officers, agents or employees, shall fail or refuse to comply with the provisions of this article, or shall default in any covenant or agreement made with respect to the issuance of such bonds or offered as security therefor, then any holder or holders of such bonds and any such trustee under the trust indenture, if there be one, shall have the right by suit, action, mandamus or other proceeding instituted in the circuit court for the county or any of the counties wherein the district extends, or in any other court of competent jurisdiction, to

enforce and compel performance of all duties required by this article or undertaken by the district in connection with the issuance of such bonds, and upon application of any such holder or holders, or such trustee, such court shall, upon proof of such defaults, appoint a receiver for the affairs of the district and its properties, which receiver so appointed shall forthwith directly, or by his agents and attorneys, enter into and upon and take possession of the affairs of the district and each and every part thereof, and hold, use, operate, manage and control the same, and in the name of the district exercise all of the rights and powers of such district as shall be deemed expedient, and such receiver shall have power and authority to collect and receive all revenues and apply same in such manner as the court shall direct. Whenever the default causing the appointment of such receiver shall have been cleared and fully discharged and all other defaults shall have been cured, the court may in its discretion and after such notice and hearing as it deems reasonable and proper direct the receiver to surrender possession of the affairs of the district to its board. Such receiver so appointed shall have no power to sell, assign, mortgage, or otherwise dispose of any assets of the district except as hereinbefore provided. (1953, c. 147.)

Rules of Civil Procedure. — Abolition of the procedural distinctions between law and equity, Rule 2.

Receivers, Rule 66.

Application of rules to writ of mandamus, Rule 81(a)(5).

Effect of rules on jurisdiction and venue, Rule 82.

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

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

§ 16-13A-18. Operating contracts.

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

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

In any case where a public service district owns a water, sewer or gas system, and all the members of the public service board thereof deem it for the best interests of the district to sell, lease or rent such water, sewer or gas system to any municipality or privately owned water, sewer or gas system, or to any water, sewer or gas system owned by an adjacent public service district, the board may so sell, lease or rent such water, sewer or gas system upon such terms and conditions as said board, in its discretion, considers in the best interests of the district: Provided, That such sale, leasing or rental may be made only upon approval by the public service commission of West Virginia.

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

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

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

Rules of Civil Procedure. — Abolition of the procedural distinctions between law and equity, Rule 2.

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

§ 16-13A-20. Refunding revenue bonds.

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

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

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

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

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

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

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

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

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

All acts and proceedings taken by any county court of this State purporting to have been carried out under the provisions of this article which have been taken, prior to the date this section takes effect [January 29, 1960], for the purpose of creating public service districts or for the purpose of subsequent inclusion of additional territory to existing public service districts, after notice published by any such county court having territorial jurisdiction thereof of its intention to include such additional territory after hearing thereon, are hereby validated, ratified, approved and confirmed notwithstanding any other lack of power (other than constitutional) of any such county court to create such public service districts or to include additional territory to existing public service districts or irregularities (other than constitutional) in such proceedings, relating to the appointment and qualification of more than three members to the board of any such public service district or the subsequent appointment of successors of any or all of such members, notwithstanding that no city, incorporated town or other municipal corporation having a population in excess of three thousand is included within the district, and the appointment and qualification of such members, and further including any irregularities in the petition for the creation of any public service district, irregularities in the description of the area embraced by such district, and irregularities in the notice and publication of notice for the hearing creating such district, prior to the date this section takes effect, is hereby validated, ratified, approved and confirmed; and, further, in such cases where more than three members of the board of such districts have been so appointed prior to the date this section takes effect then such county court shall appoint, and they are hereby authorized and empowered to appoint, successors to such members in the manner as otherwise provided by this article. (1958, c. 14; 1960, c. 19.)

Editor's notes. — As to designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

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

All acts and proceedings taken by any public service board the members of which were appointed, prior to the date this section takes effect [March 13, 1965], by any county court of this State having territorial jurisdiction thereof, are hereby validated, ratified, approved and confirmed, as to defects and irregularities which may otherwise exist on account of their appointment and qualification: Provided, however, That nothing herein contained shall be construed to excuse a criminal act. (1958, c. 14; 1960, c. 19; 1965, c. 134.)

Editor's notes. — As to designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

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

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

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

Notwithstanding any other provisions of this article to the contrary, a public service district shall not borrow money, enter into contracts for the provision of engineering, design or feasibility studies, issue or contract to issue revenue bonds or exercise any of the powers conferred by the provisions of sections thirteen, twenty or twenty-four [§§ 16-13A-13, 16-13A-20 or 16-13A-24] of this article, without the prior consent and approval of the public service commission. Unless the properties to be constructed or acquired represent ordinary extensions or repairs of existing systems in the usual course of business, a public service district must first obtain a certificate of public convenience and necessity from the public service commission in accordance with the provisions of chapter twenty-four [§ 24-1-1 et seq.] of this code, when a public service district is seeking to acquire or construct public service property.

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

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

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

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

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

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the public service commission. The public service commission may grant its consent and approval for the certificate, or any other request for approval under this section, subject to such terms and conditions as may be necessary for the protection of the public interest, pursuant to the provisions of chapter twenty-four [§ 24-1-1 et seq.] of this code, or may withhold such consent and approval for the protection of the public interest.

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

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

ARTICLE 14.

BARBERS AND BEAUTICIANS.

Sec.
16-14-1. Jurisdiction over barbers and beauticians; powers and duties of director of health.
16-14-2. Barbering, beauty culture and manicuring defined.
16-14-3. Regulations to be promulgated by board of health; enforcement.
16-14-4 to 16-14-17. [Repealed.]

Editor's notes. — For redesignation of department of health as division of health, within the department of health and human resources, see § 5F-2-1.

Michie's Jurisprudence. — For a general treatment of barbering and beauty culture, see 3A M.J., Barbers and Beauticians.

WEST VIRGINIA CODE

ANNOTATED

VOLUME 5

1991 Replacement

1993 Cumulative Supplement

Including Acts passed during the 1993 Regular Session and the 1993 First Extraordinary Session

Prepared by the Editorial Staff of the Publishers

Under the Supervision of

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HENRY W. TAYLOR
M. JEFFREY MONROE
KATHLEEN E. SKINNER

Place in pocket of corresponding bound volume

THE MICHIE COMPANY
Law Publishers
CHARLOTTESVILLE, VIRGINIA
1993

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Acts 1992, c. 7.

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period one of the members must be a registered professional engineer. The engineer member of the board need not be a resident of said municipality. After the construction of the plant has been completed, the engineer member may be succeeded by a person not an engineer. No officer or employee of the municipality, whether holding a paid or unpaid office, shall be eligible to appointment on said sanitary board until at least one year after the expiration of the term of his public office. Said appointees shall originally be appointed for terms of two and three years respectively, and upon the expiration of each such term and each succeeding term, an appointment of a successor shall be made in like manner for a term of three years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. Each member shall give such bond, if any, as may be required by ordinance. Such mayor or city manager shall act as chairman of the sanitary board, which shall elect a vice chairman from its members and shall designate a secretary and treasurer (but the secretary and the treasurer may be one and the same), who need not be a member or members of the sanitary board. The vice chairman, secretary and treasurer shall hold office as such at the will of the sanitary board. The members of the sanitary board shall receive such compensation for their services, either as a salary or as payments for meetings attended, as the governing body may determine, and shall be entitled to payment for their reasonable expenses incurred in the performance of their duties. The governing body shall fix the reasonable compensation of the secretary and treasurer in its discretion, and shall fix the amounts of bond to be given by the treasurer. All compensation, together with the expenses in this section referred to, shall be paid solely from funds provided under the authority of this article. The sanitary board shall have power to establish bylaws, rules and regulations for its own government. (1933, Ex. Sess., c. 25, § 18; 1939, c. 96; 1953, c. 146; 1957, c. 137; 1992, c. 95.)

Effect of amendment of 1992. — The amendment inserted "the organization of the board and" in the first sentence, and substituted "Provided, That, in the event ... one of the members" for "one of whom, during the construction period" in the second and third sentences.

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

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

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

REQUEST AND AUTHORIZATION AS TO AUTHENTICATION
AND DELIVERY OF THE BONDS

December 17, 1998

Bank One, West Virginia, Charleston
National Association
707 Virginia Street East
Charleston, West Virginia 25301

Ladies and Gentlemen:

We herewith hand to you, duly executed $839,000 Shady Spring Public Service District Sewer System Revenue Bonds, Series 1998B, in the form of one bond numbered R-1 (the "Bond"), authorized to be issued under and pursuant to the Bond Resolution, duly adopted by the Public Service Board (the "Board") of Shady Spring Public Service District (the "District") on December 17, 1998 and a Supplemental Resolution adopted by the Board on December 17, 1998 (collectively the "Resolution").

You are hereby requested and authorized to register, authenticate and deliver the Bonds on behalf of the District to the West Virginia Water Development Authority.

Shady Spring Public Service District

By: _____
Chairman, Public Service Board

(Seal)

Attest:

_____
Secretary, Public Service Board

West Virginia Infrastructure & Jobs Development Council

Public Members:
James D. Williams, Chairman
St. Albans
James L. Harrison, Sr., Vice Chairman
Princeton
Lloyd P. Adams, P.E.
Wheeling
Sheirl 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

June 5, 1998

Jerry Smith
Shady Spring Public Service District
P. O. Box 235
Beaver, WV 25813

Re: Wastewater Collection System Project (Glade Springs/Mont Phillips) **98S-398**

Dear Mr. Smith:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Shady Spring Public Service District's (District) preliminary application regarding the District's proposed project to purchase the existing Glade Springs Resort wastewater collection system and also construct a new collection system to serve the Mont Phillips area (Project). Based on the findings of the Sewer Technical Review Committee, the Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The District should carefully review the enclosed comments of the Sewer Technical Review Committee. The District may need to address certain issues raised in said comments as it proceeds with the Project.

Pursuant to its review of the preliminary application, the Council determined that the District should pursue a Clean Water State Revolving Fund loan of $1,400,000 to finance the Project. Please contact the Division of Environmental Protection at 558-0641 for specific information on the steps the District needs to follow to apply for this funding. **Please note that this letter does not constitute funding approval from the Division of Environmental Protection.**

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

Sincerely,

James D. Williams

JDW/bh
Enclosure
cc: Mike Johnson, P.E.
David Cole
C. Myron Amick, P.E.

ANDERSON, PARKULO, STANSBURY & ASSOCIATES, L.C.
ATTORNEYS AT LAW
207 SOUTH HEBER STREET
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WV STATE BAR I.D. #132
JOHN F. PARKULO
WV STATE BAR I.D. #2817
EDWARD R. STANSBURY
WV STATE BAR I.D. #3561

E-MAIL ADDRESS
apsa@citynet.net

December 17, 1998

Shady Spring Public Service District
Post Office Box 235
Beaver, West Virginia 25813-0235

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

State of West Virginia
Division of Environmental Protection
Office of Water Resources
617 Broad Street
Charleston, West Virginia 25301

John T. Poffenbarger
Bank One Center, Suite 910
Charleston, West Virginia 25301

Re: $839,000 Shady Spring Public Service District Sewer System Revenue Bonds, Series 1998B

Gentlemen:

I am counsel to the Shady Spring Public Service District (the "District"). As such counsel, I have examined the copies of the approving opinions of John T. Poffenbarger, as bond counsel, relating to the above-captioned Bonds, the Bond Resolution adopted by the Public Service Board (the "Board") of the District on December 17, 1998, the Supplemental Resolution adopted by the Board of the District on December 17, 1998, the Loan Agreement dated October 23, 1998 in relation to the 1998B Bond. Terms used in said opinions and Resolutions and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

1. The District was duly and legally created and the members of the Board were properly elected or appointed and are thereby authorized to act on behalf of the District.

2. The Resolutions have been duly adopted by the District and are in full force and effect.

3. The District has received a Certificate of Convenience and Necessity to construct the Project and issue the Series 1998B from the Public Service Commission of West Virginia (the "PSC") (Case No. 98-0490-S-PSD-PC) and the Corrective Order, and said Certificate is in full force and effect. The time for appeal of the Final Order of the PSC has expired prior to the date hereof.

4. The District has the authority under Article 13A of Chapter 6 of the Code of West Virginia, 1931, as amended, to adopt the rates which have been approved by the Public Service Commission and the revenue from said rates may be used to pay the debt service on the above-noted Bonds and the operation and maintenance cost of the Project.

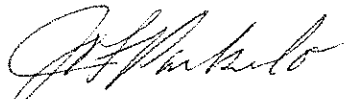
5. The District has received all the necessary permits, licenses, approvals and authorizations that are presently obtainable to construct the Project.

6. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in the equity before or by any court, public council or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by or the validity of the Bonds, the operation of the System or the collection of Revenues or the pledge of Net Revenues to the Bonds.

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

Very truly yours,

ANDERSON, PARKULO, STANSBURY
& ASSOCIATES, L.C.



John F. Parkulo

JFP/kb

JOHN T. POFFENBARGER

Attorney at Law

BANK ONE CENTER, SUITE 910
707 VIRGINIA STREET EAST
CHARLESTON, WEST VIRGINIA 25301
PHONE (304) 342-1678 • FAX (304) 345-0375

December 17, 1998

Public Service Board
Shady Spring Public Service District
Post Office Box 235
Beaver, West Virginia 25813-0235

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

State of West Virginia
Division of Environmental Protection
Office of Water Resources
617 Broad Street
Charleston, West Virginia

Re: $ 839,000 Shady Spring Public Service District Sewer System Revenue Bonds, Series 1998B

Ladies and Gentlemen:

I am bond counsel to Shady Spring Public Service District (the "Governmental Agency"), a duly organized and presently existing public corporation under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of the loan agreement, dated October 23, 1998, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency, the West Virginia Water Development Authority (the "Authority") and the West Virginia Bureau of Environment ("DEP"), and (ii) the issue of the Shady Spring Public Service District Sewer System Revenue Bonds, Series 1998B of the Governmental Agency, dated December 17, 1998 (the "Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Series 1998B Bond is in the principal amount of $839,000, issued in the form of one bond registered to the Authority, with principal payable June 1, September 1, December 1 and March 1 of each year, beginning June 1, 1999, at the rate of zero percent (0%) per annum

and as set forth in "Schedule Y," attached to the Loan Agreement and incorporated in and made a part of the Bond.

The Bonds are issued for the purposes of paying a portion of the costs of acquisition of the facility, of certain additions, betterments and improvements for the existing public sewerage facilities of the Governmental Agency (the "Project"), funding a reserve account and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which the Bonds are issued, and the Loan Agreement that has been undertaken. The Bonds have been authorized by a bond resolution (the "Resolution") and a supplemental resolution (the "Supplemental Resolution") duly passed by the Governmental Agency on December 17, 1998(collectively the "Local Act"), which contain provisions and covenants substantially in the form of those set forth in the Loan Agreement. 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 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 DEP and cannot be amended so as to affect adversely the rights of the Authority or DEP or diminish the obligations of the Governmental Agency without the consent of the Authority and DEP.

3. The Governmental Agency is a duly organized and presently existing public corporation with full power and authority to construct and acquire the facility and the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Series

1998B Bond, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively adopted the Local Act and all other necessary resolutions and orders in connection with the issuance and sale of the Bonds.

5. The Series 1998B Bond is a 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 are secured by a first lien on and pledge of the net revenues of said System and the Series 1998B Bonds are on a parity as to security and source of payment, and are on a parity with the Series 1982B Bonds, the Series 1994A Bonds, the Series 1996A Bonds, the Series 1997B Bonds, the Series 1997C, the Series 1997D Bonds, and the Series 1998A Bonds (the "Prior Bonds"); as more fully defined in the Local Act.

6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Series 1998B Bond and the Prior Bonds, as provided in the Local Act.

7. 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 referred to in the Bond Resolution and the Prior Resolutions and secured by a first lien on and pledge of the Net Revenues of said System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Prior Bonds and the Series 1998B Bonds, all in accordance with the terms of the Bonds, the Bond Resolutions and the Prior Resolutions. Based upon the certificate of the certified public accountant dated December 17, 1998, the Issuer has met the coverage requirements for issuance of parity bonds of the Prior Bonds and the resolutions authorizing the Prior Bonds. The Issuer has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not a material nature.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds and the Local Act may be

subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that such enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

I have examined the executed Series 1998B Bond numbered R-1, and in our opinion the form of said Bonds and their execution and authentication are regular and proper.

Very truly yours,

John T. Poffenbarger