$2,888,924
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA INFRASTRUCTURE FUND)

TRANSCRIPT LIST

1. Grant Letter and Agreement
2. County Commission Orders regarding Creation and Contraction of District
3. County Commission Orders on Appointment of Board Members
4. Oaths of Office
5. Rules of Procedure
6. Minutes of Current Year Organizational Meeting
7. Bond Resolution
8. Supplemental Resolution
9. Minutes on Adoption of Bond Resolution and Supplemental Resolution
10. Affidavit of Publication
11. General Certificate of Issuer and Issuer's Counsel
12. Engineer's Certificate
13. Certified Public Accountants Certificate
14. Certificate of Secretary as to Truth and Accuracy of Documents Delivered
15. Certificate as to Use of Proceeds
16. Registrar's Agreement between Issuer and Registrar
17. Acceptance of Duties of Depository Bank
18. Acceptance of Duties of Registrar
19. Request and Authorization as to Authentication and Delivery of the Bond
20. Certificate of Registration of Bond

21. Rate Tariff

22. Public Service Commission Certificate of Convenience and Necessity

23. West Virginia Infrastructure and Jobs Development Council approval letter

24. West Virginia Municipal Bond Commission New Issue Report

25. RUS' Consent to Issuance of Parity Bond and Parity Lien

26. Specimen Bond

27. Issuer's Counsel Opinion

28. Bond Counsel Opinion

29. Final Title Opinion

30. 1994 Bond Resolution

31. Bond Registry Form

32. Cross-Receipt for Bond and Bond Proceeds

33. Loan Agreement

34. NPDES Permit

35. Evidence of Insurance

36. Closing Memorandum

37. Copy of Statutory Authority

The closing of the sale of $2,888,924 Southern Jackson County Public Service District, Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund), will take place at the West Virginia Water Development Authority, 180 Association Drive, Charleston, West Virginia at 1:30 p.m., Eastern Time, on May 30, 2002. No transaction shall be deemed to have been completed and no documents shall be deemed to have been delivered unless and until all transactions are complete and all documents are delivered. Any document that references an Exhibit or Schedule to be attached thereto shall be considered completed and attached if the referenced Exhibit or Schedule appears elsewhere in this Transcript.

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

CECIL H. UNDERWOOD
GOVERNOR

September 13, 2000

The Honorable Donald Stephens
President
Jackson County Commission
Jackson County Courthouse
Ripley, West Virginia 25271

Dear Commissioner Stephens:

Thank you for your application to the Small Cities Block Grant program.

Your request has been approved in the amount of $1,500,000. These funds will enable you to extend sewer service to the Kenna area of southern Jackson County.

I hereby commit the entire $1,500,000 from our fiscal year 2000 allocation that will immediately be available to you.

The West Virginia Development Office, Community Development Division staff, will contact you to complete the necessary contract in order to proceed with your project.

The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocations.

I am pleased to assist with these improvements for the citizens of Jackson County.

Sincerely,

Cecil H. Underwood

CHU:ans

STATE OF WEST VIRGINIA

SMALL CITIES BLOCK GRANT AWARD

THIS IS TO CERTIFY THAT A GRANT OF $1,500,000 HAS BEEN AWARDED TO THE *JACKSON COUNTY COMMISSION* TO EXTEND SEWER SERVICE TO THE KENNA AREA OF SOUTHERN JACKSON COUNTY

CECIL H. UNDERWOOD
GOVERNOR

© GOES 445

LITHO. IN U. S. A.

Book C

Ripley, West Virginia

November 22, 1975

The County Commission of Jackson County, West Virginia, met this day in regular session held this 22nd day of November, 1975, at 10:00 a.m., pursuant to the call of Carl Warner, President, Raymond Skinner, Commissioner and _____, Commissioner, said call being:

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

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

1. Raymond Skinner
2.

And were absent:

E. S. Rawlings

Commissioner Skinner introduced and caused to be read a proposed resolution and order entitled:

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

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

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

WHEREAS, said County Commission Clerk has presented such

petition to this County Commission at this meeting;

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

Section 1. That the County Commission of Jackson County, West Virginia, hereby finds and declares that there has been filed in the office of the County Commission Clerk and presented by said County Commission Clerk to this County Commission a petition for the creation of a public service district within Jackson County, West Virginia, which petition contains a description sufficient to identify the property to be embraced within the proposed public service district and the name of the proposed public service district and which petition has been signed by 217 legal voter residents within and owning real property within the limits of the proposed public service district and said County Commission further finds and declares that said petition in all respects meets the requirements of Article 13A of Chapter 16 of the West Virginia Code.

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

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

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

BEGINNING at a point on the Roane and Jackson County line at the Northern right of way line of U. S. Route 33; thence with the general direction of U. S. Route 33, N. 88° 30' W. 9.8 miles to a poi in the Ripley Corporation line; thence following the Ripley Corporati line along its Eastern, Southern and Western boundaries to the intersection of said boundary with the Northern right of way line of U. S. Route 33; thence with the general direction of U. S. Route 33, N. 85° 30' W. 0.7 miles to a point near West Virginia Secondary Route 39/5 (Parchment Valley Road); thence S. 63° 00' W. 5.8 miles to a point in the Mason and Jackson County line; thence with said County l the following bearings and distances: S. 34° 00' E. 4.1 miles to a point; thence S. 44° 30' W. 1.7 miles to a point; thence S. 44° 30' E. 3.2 miles to a point where the Mason and Jackson County line intersects the Putnam County line; thence with the Putnam and Jackson County line the following bearings and distances: N. 81° 00' E. 1.3 miles to a point; thence S. 35° 30' E. 4.8 miles to a point where the Putnam and Jackson line intersect the Kanawha County line; thence with the Kanawha and Jackson County line the following bearing and distances: S. 35° 30' E. 5.2 miles to a point; thence N. 86° 30' E. 0.4 miles to a point; thence S. 03° 00' E. 0.9 miles to a point; thence N. 63° 30' E. 3.4 miles to a point; thence N. 51° 00' E. 4.0 m to a point where the Kanawha and Jackson County line intersects the Roane County line; thence with the Roane and Jackson County line the following bearings and distances: N. 21° 30' W. 2.3 miles to a point thence N. 14° 00' W. 1.9 miles to a point; thence N. 13° 00' E. 2.2 miles to a point; thence N. 8° 30' E. 2.4 miles to a point; thence N. 5° 30' E. 6.1 miles to the place of beginning, containing 213.32 square miles, more or less, all within Ripley Magisterial District ar Washington Magisterial District, of the County of Jackson, State of West Virginia.

to construct, or acquire by purchase or otherwise, and maintain, operate, improve and extend properties supplying water and sewerage services within such territory and also outside such territory to the extent permitted by law.

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

Section 3. That said petition contains more than 100 legal voter residents within and owning real property within the limits of the proposed public service district.

Section 4. That on December 18, 1975, at the hour of 10:30 A.M., this County Commission shall meet in the County Court House at Ripley, West Virginia, for the purpose of conducting a public hearing on the creation of the proposed public service district at which time and place all persons residing in or owning or having any interest in property in the proposed public service district may appear before this County Commission and shall have an opportunity to be heard for and against the creation of said district, and at such hearing, this County Commission shall consider and determine the feasibility of the creation of the proposed public service district.

Section 5. That the County Commission Clerk is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out to be published on December 3, 197 in the Jackson Herald, a newspaper of general circulation published in Ripley, Jackson County, West Virginia, and said notice shall also be posted in at least five conspicuous places in the proposed public service district. The posted notice shall be posted not less than ten (10) days before said hearing.

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

BEGINNING at a point on the Roane and Jackson County line at the Northern right of way line of U. S. Route 33; thence with the general direction of U. S. Route 33, N. 88° 30' W. 9.8 miles to a poin in the Ripley Corporation line; thence following the Ripley Corporatic line along its Eastern, Southern and Western boundaries to the intersection of said boundary with the Northern right of way line of U. S. Route 33; thence with the general direction of U. S. Route 33, N. 85° 30' W. 0.7 miles to a point near West Virginia Secondary Route 30/5 (Parchment Valley Road); thence S. 63° 00' W. 5.8 miles to a point in the Mason and Jackson County line; thence with said County li the following bearings and distances: S. 34° 00' E. 4.1 miles to a point; thence S. 44° 30' W. 1.7 miles to a point; thence S. 44° 30' E. 3.2 miles to a point where the Mason and Jackson County line intersects the Putnam County line; thence with the Putnam and Jackson County line the following bearings and distances: N. 81° 00' E. 1.3 miles to a point; thence S. 35° 30' E. 4.8 miles to a point where the Putnam and Jackson line intersect the Kanawha County line; thence with the Kanawha and Jackson County line the following bearing and distances: S. 35° 30' E. 5.2 miles to a point; thence N. 86° 30' E. 0.4 miles to a point; thence S. 03° 00' E. 0.9 miles to a point; thence N. 63° 30' E. 3.4 miles to a point; thence N. 51° 00' E. 4.0 t to a point where the Kanawha and Jackson County line intersects the Roane County line; thence with the Roane and Jackson County line the following bearings and distances: N. 21° 30' W. 2.3 miles to a poin thence N. 14° 00' W. 1.9 miles to a point; thence N. 13° 00' E. 2.2 miles to a point; thence N. 8° 30' E. 2.4 miles to a point; thence N. 5° 30' E. 6.1 miles to the place of beginning, containing 213.32 square miles, more or less, all within Ripley Magisterial District a Washington Magisterial District, of the County of Jackson, State of West Virginia.

That the County Commission of Jackson County, by resolutior adopted November 22, 1975, proposes the creation of the Southern Jackson County Public Service District of the County of Jackson, West Virginia.

All persons residing in or owning or having any interest in property in said proposed public service district are hereby notified that the County Commission of Jackson County will conduct a public hearing of December 18, 1975, at 10:30 A.M., in the County Court House at Ripley, West Virginia, at which time and plac all interested persons may appear before the County Commission and shall have an opportunity to be heard for and against the creation

of the proposed public service district.

By order of the County Commission this 22nd day of November, 1975.

C. E. Kessel
Clerk, County Commission

ADOPTED BY THE COUNTY COMMISSION November 22, 1975.

Paul H. Bumgarner
President

ATTEST:

C. E. Kessel
Clerk

STATE OF WEST VIRGINIA,

COUNTY OF JACKSON, to-wit:

I, C. E. Kessel, hereby certify that I am the duly qualified and acting Clerk of the County Commission of Jackson County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Commission as had under date of November 22, 1975, and a resolution and order then adopted relating to the proposed creation of the Southern Jackson County Public Service District, all as shown by the official records in my office.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of said Court of Jackson County, West Virginia, this 22nd day of November, 1975.

(SEAL)

C. E. Kessel
Clerk, County Commission

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

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

Aye: President Warner
Commissioner Skinner

Nay:

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

President

Clerk

I, ANNABELLE TAYLOR, DO HEREBY CERTIFY THAT THE DOCUMENT TO WHICH THIS STAMP IS AFFIXED IS A TRUE COPY OF [illegible] RECORDED IN THIS OFFICE IN [illegible] BOOK C PAGE 75F DATE [illegible] 13 1996 [illegible] CLERK/DEPUTY
ANNABELLE TAYLOR, JACKSON COUNTY CLERK

ST.
/IRC

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

STATE OF WEST VIRGINIA,

COUNTY OF JACKSON, to-wit:

CARL DOLIN, who appeared before the undersigned authority, after being duly sworn, upon oath says, that pursuant to Chapter 16, Article 13A, of the Code of West Virginia, as amended, and pursuant to the resolution and order of the County Commission of Jackson County, West Virginia, of November 22, 1975, pertaining to the fixing of a date of hearing on the creation of a proposed Public Service District within Jackson County, West Virginia, the undersigned posted in at least six (6) conspicuous places in the proposed Public Service District, a copy of the Notice set out in the resolution and order of the said County Commission of Jackson County, West Virginia, adopted November 22, 1975, the six (6) conspicuous places being:

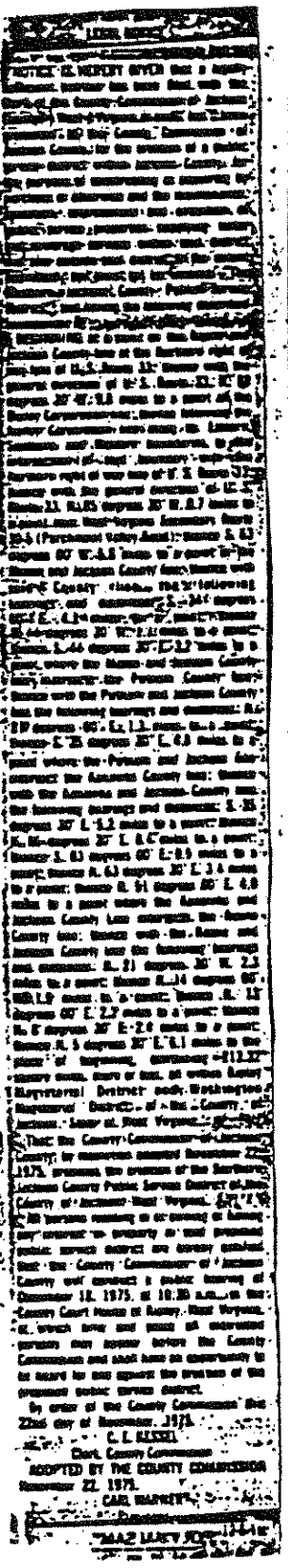
1. Shamblin's Grocery Store
2. DeWees Grocery Store
3. Given Grocery Store
4. Simmons General Store
5. Staats Mill Post Office
6. Winter Exxon Station.

Carl Dolin
Affiant

Taken, subscribed and sworn to before me this 18th day of December, 1975.

Ronald H. Adams
Notary Public

My commission expires: August 30, 1976



The Jackson Herald

Ripley, West Virginia

Dec 6 1975

That the appended Notice

was printed in THE JACKSON HERALD, a newspaper published at Ripley, Jackson, County, West Virginia, for 1 successive weeks, towit: Dec 5

and posted at the front door of the Court House of said county on 5 day of Dec, 1975, and that there are 646 words thereof, is hereby certified, and that the publisher's fee for the same is $ 25.84

Signed,

Keith Simmons
Publisher

Subscribed and sworn to before me, a Notary Public in said county and state, this 31 day of December, 1975

Mary L. Drake, Notary Public

My Commission expires 16 day of January, 1983

(SEAL)

Mailed

Delivered To

This ____ day of ____, 19__

I, ANNABELLE TAYLOR, DO HEREBY CERTIFY THAT THE DOCUMENT TO WHICH THIS STAMP IS AFFIXED IS A TRUE COPY OF [illegible] RECORDED IN THIS OFFICE IN [illegible] BOOK [illegible]
PAGE ____ DATE [illegible] 13 1996
[illegible] CLERK/DEPUTY
ANNABELLE TAYLOR, JACKSON COUNTY CLERK

Ripley, West Virginia
December 18, 1975

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

H. S. Rawlings

Raymond Skinner

Absent: None

This being the date fixed by prior action of the County Commission for conducting the public hearing on the creation of the proposed Southern Jackson County Public Service District, as comtemplated and provided for in a resolution and order adopted by the County Commission on November 22, 1975, the president announced that all persons residing in or owning or having any interest in property in said proposed public service district desiring to be heard for or against the creation of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

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

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

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. Raymond Skinner seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted:

Aye: Carl Warner
H. S. Rawlings
Raymond Skinner
Nay: None

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

On motion and vote the meeting adjourned.

President

ATTEST:

Clerk

Ripley, West Virginia

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

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

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

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

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

BEGINNING at a point on the Roane and Jackson County line at the Northern right of way line of U. S. Route 33; thence with the general direction of U. S. Route 33, N. 88° 30' W. 9.8 miles to a point in the Ripley Corporation line; thence following the Ripley Corporation line along its Eastern, Southern and Western boundaries to the intersection of said boundary with the Northern right of way line of U. S. Route 33; thence with the general direction of U. S. Route 33, N. 85° 30' W. 0.7 miles to a point near West Virginia Secondary Route 30/5 (Parchment Valley Road); thence S. 63° 00' W. 5.8 miles to a point in the Mason and Jackson County line; thence with said County line the following bearings and distances: S. 34° 00' E. 4.1 miles to a point; thence S. 44° 30' W. 1.7 miles to a point; thence S. 44° 30' E. 3.2 miles to a point where the Mason and Jackson County line intersects the Putnam County line; thence with the Putnam and Jackson County line the following bearings and distances: N. 81° 00' E. 1.3 miles to a point; thence S. 35° 30' E. 4.8 miles to a point where the Putnam and Jackson line intersect the Kanawha County line; thence with the Kanawha and Jackson County line the following bearings and distances: S. 35° 30' E. 5.2 miles to a point; thence N. 86° 30' E. 0.4 miles to a point; thence S. 03° 00' E. 0.9 miles to a point; thence N. 63° 30' E. 3.4 miles to a point; thence N. 51° 00' E. 4.0 miles to a point where the Kanawha and Jackson County line intersects the Roane County line; thence with the Roane and Jackson County line the following bearings and distances: N. 21° 30' W. 2.3 miles to a point; thence N. 14° 00' W. 1.9 miles to a point; thence N. 13° 00' E. 2.2 miles to a point; thence N. 8° 30' E. 2.4 miles to a point; thence N. 5° 30' E. 6.1 miles to the place of beginning, containing 213.32 square miles, more or less, all within Ripley Magisterial District and Washington Magisterial District, of the County of Jackson, State of West Virginia.

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

Section 3. That the County Commission of Jackson County, West Virginia, has determined that the territory within Jackson County, West Virginia, having the hereinbefore described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvements and extension

of properties supplying both water and sewerage services within such territory by said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

ADOPTED BY THE COUNTY COMMISSION December 18, 1975

President

ATTEST:

Clerk

STATE OF WEST VIRGINIA,

COUNTY OF JACKSON, to-wit:

I, C. E. KESSELL, hereby certify that I am the duly qualified and acting Clerk of the County Commission of Jackson County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Commission as had under date of December 18, 1975, and resolutions and orders then adopted relating to the creation of the Southern Jackson County Public Service District, and appointment of members to the public service board of said district.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and seal of said Commission at Ripley, West Virginia, this 18th day of December, 1975.

Clerk of County Commission

I, ANNABELLE TAYLOR, DO HEREBY CERTIFY THAT THE DOCUMENT TO WHICH THIS STAMP IS AFFIXED IS A TRUE COPY OF Minutes RECORDED IN THIS OFFICE IN Minutes BOOK C PAGE 641 DATE July 13 1990

[illegible] CLERK/DEPUTY

ANNABELLE TAYLOR, JACKSON COUNTY CLERK

A RESOLUTION AND ORDER FOR THE REDUCTION OF THE SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT OF JACKSON COUNTY, WEST VIRGINIA.

On this the 24th day of September, 1981, at a regular session of the Jackson County Commission it having been determined that:

WHEREAS, Chapter 16, Article 13A of the Code of West Virginia, as amende authorizes the County Commission to reduce the boundaries of a public service district, as therein defined, and

WHEREAS, this Commission, by resolution duly adopted, heretofore propose a certain reduction of the Southern Jackson County Public Service District; set dates for public hearings thereon; caused notice of public hearings to issue; and did conduct said hearings, all in accordance with West Virginia Code Chapter 16, Article 13A, Section 2, and

WHEREAS, after due deliberation, it is the opinion of this Commission th the area within the boundary of the proposed reduction at present have an inadequate means of water supply and that no facilities, equipment, services or materials have been extended into the area; that the extension and enlarge of Evans Public Service District will be able to adequately serve the said area and will be conducive to the preservation of public health, comfort and convenience of the residents of said area; and that it is necessary, feasible and proper to reduce the Southern Jackson County Public Service District.

It is hereby ORDERED that the boundaries of the Southern Jackson County Public Service District are reduced to exclude that area indicated in the attached description (Exhibit One) and map (Exhibit Two), both said exhibits having been prepared by Cerrone & Vaughn, Inc., Consulting Engineers and date September 1, 1981.

So ORDERED this the 24th day of September, 1981.

JACKSON COUNTY COMMISSION

H. S. Rawlings

President

Charles E. Harris

Commissioner

EVANS PUBLIC SERVICE DISTRICT

ENLARGED BOUNDARY

Beginning at a point in the Jackson and Mason County Line at its intersection with the Right Fork of Cow Run;

Thence, with the meanderings of said Right Fork and said Cow Run, 23,500 feet in a northeasterly direction, to the intersection of said Cow Run and Mill Creek.

Thence, S. 77°27' E, 1,400 feet to the intersection of County Route 5 and County Route 87/9;

Thence with County Route 87/9, 1,400 feet in an easterly direction to the intersection of County Route 87/9 and U. S. Route 33;

Thence, S 79°04' E, 8,250 feet to the intersection of Mud Run Road (A.K.A. County Route 5/5) and the private driveway of Triple Oaks Farm;

Thence, S 60°19' E, 14,000 feet, more or less, to the intersection of U. S. Route 33 and the westerly Corporation Limit of the City of Ripley;

Thence, with said Corporation Limit, S 24°35' E, 700 feet, more or less, to a point in Mill Creek;

Thence, with the meanderings of Mill Creek, 5,000 feet, more or less, to its intersection with a high voltage electric power line;

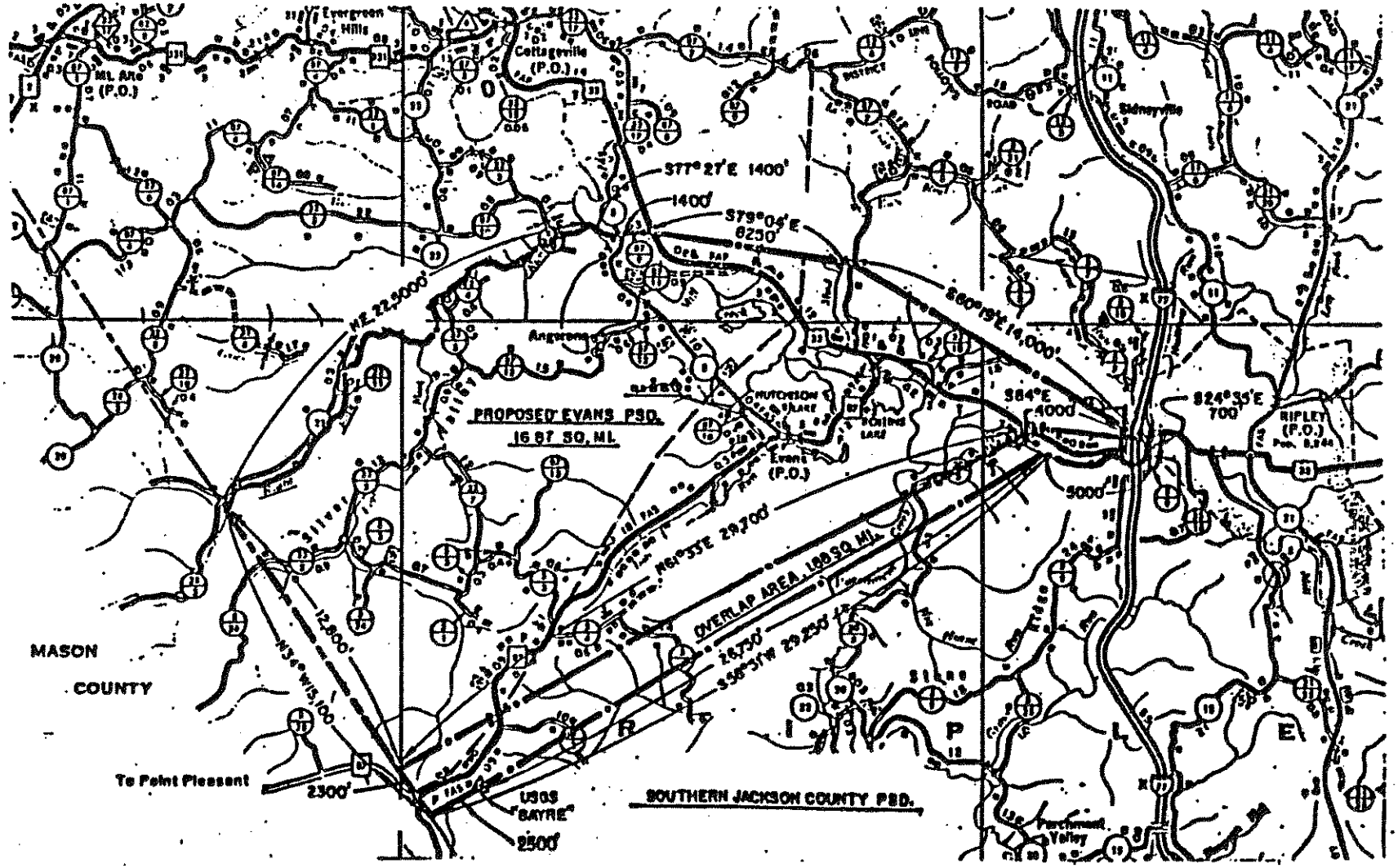
Thence, leaving Mill Creek, S 58°51' W, passing through U. S. G. S. Triangulation Station "Sayre" at 26,750 feet, 29,250 feet to a point in the Jackson and Mason County Line;

Thence, with said County Line, N 34° W, 15,150 feet to the point of beginning, containing 16.87 square miles, more or less, all within Ripley and Union Magisterial Districts, Jackson County, West Virginia.

EXHIBIT 1

September 1, 1981

Cerrone & Vaughn, Inc.
Consulting Engineers



:VANS PUBLIC SERVICE DISTRICT ACKSON COUNTY, WEST VIRGINIA .	PROPOSED BOUNDRY SCALE 1"= 1 MILE	CERRONE & VAUGHN, INC. WHEELING, WV. Map Bk 5 Pg. 679	EXHIB 2 September 1,

IN THE COUNTY COMMISSION OF JACKSON COUNTY, WEST VIRGINIA

RESOLUTION and ORDER

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

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

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

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

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

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

DICK D. CASTO, Commissioner

EMERSON S. SNYDER, Commissioner

DONALD G. STEPHENS, President

ATTEST:

JEFF MAYBRIGHT, CLERK
JACKSON COUNTY COMMISSION

misc:psd-3

AFFIDAVIT

STATE OF WEST VIRGINIA,

COUNTY OF JACKSON, TO-WIT:

Your affiant, being duly sworn, sayeth as follows:

(1) That your affiant is over the age of eighteen (18) years, is the manager of the Southern Jackson County Public Service District, and is a resident of the County of Jackson, State of West Virginia.

(2) That your affiant is the same person who posted that certain notice to enlarge the boundary lines and expand the Southern Jackson County Public Service District in five conspicuous locations in accordance with West Virginia Code 16-13A-2, as amended, on October 5, 1994. These notices remained posted in the following locations until after the public hearing was held on October 18, 1994, at 3:00 p.m. All of the following locations are within the boundary lines of the said District. The locations posted with said notice are as follows:

(a) Simmons General Store;

(b) Fairplain Go-Mart;

(c) B & B Market;

(d) Southern Jackson County Public Service District Office;

(e) Winter Ashland;

(3) That this affidavit is executed in order to comply with the requirements of West Virginia Code 16-13A-2, as amended.

AND FURTHER YOUR AFFIANT SAYETH NOT.

DATED this the 18th day of October, 1994.

Steve Farley

STEVE FARLEY

Taken, subscribed and sworn to before me this the 18th day of October, 1994.

Sandra L Garrett

My commission expires: 4-4-2000.

misc:affi-4

Prepared by: Robert D. Fisher, Attorney at Law
P. O. Box 326, Ripley, WV 25271

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SANDRA L. GARRETT
[illegible]
My Commission Expires March 4, 2000

I, JEFF WAYBRIGHT, DO HEREBY CERTIFY THAT THE DOCUMENT TO WHICH THIS STAMP IS AFFIXED IS A TRUE COPY OF [illegible] RECORDED IN THIS OFFICE IN [illegible] BOOK 0 PAGE [illegible] DATE 10-24-94
[illegible] CLERK/DEPUTY
JEFF WAYBRIGHT, JACKSON COUNTY CLERK

The Jackson Herald

P.O. BOX 31 - RIPLEY, WEST VIRGINIA

AFFIDAVIT OF PUBLICATION

10-28, 1994

STATE OF WEST VIRGINIA

COUNTY OF Jackson, TO WIT:

I, RICHARD K. SIMMONS, PUBLISHER
(Name) (Title)

of THE JACKSON HERALD, published in Ripley, Jackson County, West Virginia, do solemnly swear that the annexed notice was duly published in said newspaper 10-28-1994, and that the fee for publishing said notice, containing 2,000 words thereof, is hereby certified, and is $33.35.

(Signed) Richard K. Simmons

Subscribed and sworn to before me, this 28th day of October, 1994

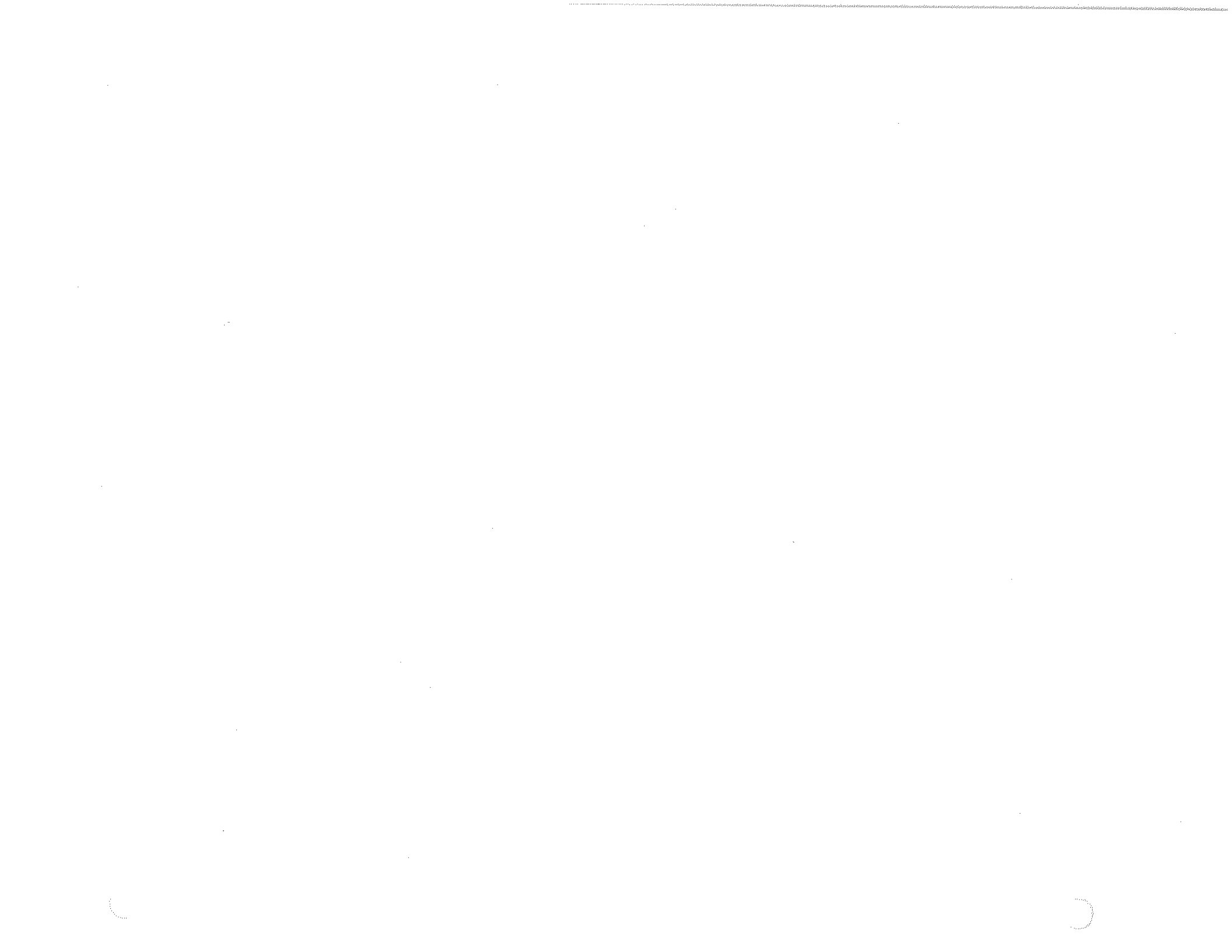
My commission expires June 5, 2001

Notary Public

NOTICE

Pursuant to West Virginia Code, 16-13A-2, you are hereby notified that a public hearing will be held at 3:00 p.m. on October 18, 1994, before the County Commission of Jackson County, West Virginia, at its office in the Jackson County Courthouse, Ripley, West Virginia, to consider the application of the Southern Jackson County Public Service District to expand and enlarge its respective district to include additional areas as more particularly shown and described as follows, to-wit:

BEGINNING at a point, said point being the intersection of Secondary Route 1845 and the Roane County line, said point bearing northerly from the Jackson, Wirt and Roane County line 69,296 feet, more or less, this being the true place of beginning; thence westerly with Secondary Route 1845 and the Magisterial District line 66,000 feet, more or less, to a point of intersection at the junction of Secondary Route 1844 and Secondary Route 2NE6 thence S. 01 deg. 15' W. 6,600 feet, more or less, to a point in a small stream, this point having a latitude of N. 38 deg. 50' 25" and a longitude of W. 81 deg. 41' 01"; thence S. 46 deg. 12' W. 4,766 feet, more or less, to a northeasterly corner and being a point in the corporate limits of the Town of Ripley; thence with the easterly boundary line of the Ripley Corporate limits in a southerly direction to U. S. Route 33; thence following the Ripley Corporation line along its eastern, southern and western boundaries to the intersection of said boundary with the northern right of way line of U. S. Route 33; thence with the general direction of U. S. Route 33 N. 85 deg. 30' W. 0.7 miles to a point near West Virginia Secondary Route 805, commonly known as Parchment Valley Road; thence S. 35 deg. 30' W. 0.7 miles to a point near West Virginia Secondary Route 805, commonly known as Parchment Valley Road; thence S. 58 deg. 31' W. 29,480 feet, more or less, to a point in the Mason and Jackson County line; thence with said County line the following bearings and distances: S. 34 deg. E. approximately 3.7 miles to a point; thence S. 44 deg. 30' W. 1.7 miles to a point; thence S. 44 deg. 30' E. 3.2 miles to a point where the Mason and Jackson County lines intersects with the Putnam County line; thence with the Putnam and Jackson County line the following bearings and distances: N. 81 deg. 00' E. 1.3 miles to a point thence S. 35 deg. 30' E. 4.5 miles to a point where the Putnam and Jackson line intersect the Kanawha County line; thence with the Kanawha and Jackson County line the following bearings and distances: S. 35 deg. 30' E. 5.2 miles to a point; thence N. 58 deg. 30' E. 0.6 miles to a point; thence S. 03 deg. 00' E. 0.9 miles to a point; thence N. 63 deg. 30' E. 3.4 miles to a point; thence N. 51 deg. 00' E. 4.0 miles to a



The Jackson County Commission

Jackson County Courthouse
Ripley, West Virginia 25271
Phone (304) 372-2011
TDD# (304) 372-2000

Commissioner
Dick D. Casto

Commissioner
James L. Waybright

Commissioner
Donald Stephens

November 6, 1999

Mr. James Stover
Rt. 1, Box 154A
Given, WV 25245

Dear Mr. Stover:

We are pleased to advise you that during our regular meeting of Saturday, November 6, 1999, you were appointed by a unanimous vote to serve an additional term as a member of the Southern Jackson County Public Service District. Your new term will expire December 1, 2005, and you may stop by the office of the County Clerk at your convenience to sign your oath of office.

We would like to take this opportunity to thank you for your past service on this board and your willingness to accept an additional term. We are sure you will continue to be a valuable asset.

Once again we would like to thank you and if we may ever be of service to you in any way, please feel free to contact us.

Sincerely,

THE JACKSON COUNTY COMMISSION

Dick D. Casto, President

Donald G. Stephens, Commissioner

James L. Waybright, Commissioner

JCC:sg

The Jackson County Commission

Jackson County Courthouse
Ripley, West Virginia 25271
Phone (304) 372-2011
TDD# (304) 372-2000

Commissioner
Virginia J. Starcher

Commissioner
James L. Waybright

Commissioner
Donald Stephens

November 15, 2001

Mr. Jim Hutchison
2257 Fisher Ridge
Kenna, WV 25248

Dear Mr. Hutchison:

We are pleased to advise you that during our regular meeting of November 15, 2001, you were appointed by a unanimous vote to serve an additional term as a member of the Southern Jackson County Public Service District. Your new term will expire December 1, 2007, and you may stop by the office of the County Clerk at your convenience to sign your oath of office.

We would like to take this opportunity to thank you for your willingness to accept this additional term. We are sure you will continue to be a valuable asset on this board.

Once again we would like to thank you, and if we may be of service to you in any way, please feel free to contact us.

Sincerely,

THE JACKSON COUNTY COMMISSION

James L. Waybright, President

Donald G. Stephens, Commissioner

Virginia J. Starcher, Commissioner

JCC:sg

The Jackson County Commission

Jackson County Courthouse
Ripley, West Virginia 25271
Phone (304) 372-2011
TDD# (304) 372-2000

Commissioner
Virginia J. Starcher

Commissioner
James L. Waybright

Commissioner
Donald Stephens

March 20, 2001

Dale K. Mason
Rt. 3, Box 99B
Kenna, WV 25248

Dear Mr. Mason:

We are pleased to advise you that during our regular meeting of March 17, 2001, you were appointed by a unanimous vote to serve as a member of the Southern Jackson County Public Service District. Your term will expire December 1, 2003, and you may stop by the office of the County Clerk at your convenience to sign your oath of office.

We would like to take this opportunity to thank you for your willingness to accept this appointment. We are sure you will be a valuable asset on this board.

Once again we would like to thank you, and if we may be of service to you in any way, please feel free to contact us.

Sincerely,

THE JACKSON COUNTY COMMISSION

James L. Waybright, President

Donald G. Stephens, Commissioner

Virginia J. Starcher, Commissioner

JCC:sg

OATH OF OFFICE

STATE OF WEST VIRGINIA

COUNTY OF JACKSON, to-wit:

I, James Stover, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties as a member of the Southern Jackson County PSD in and for Jackson County, West Virginia, to the best of my skill and judgment, during my continuance in the same. SO HELP ME GOD. Term to expire: December 1, 2005

James Stover

Subscribed and sworn to before the County Clerk of Jackson County, West Virginia, this 7th day of December, 1999.

Jeff Waybright, County Clerk

OATH OF OFFICE

STATE OF WEST VIRGINIA

COUNTY OF JACKSON, to-wit:

I, Jim ~~Hutchison~~ Hutchinson, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties as a member of the Southern Jackson County Public Service District in and for Jackson County, West Virginia, to the best of my skill and judgment, during my continuance in the same. SO HELP ME GOD. Term to expire December 1, 2007.

Jim ~~Hutchison~~
Hutchinson

Subscribed and sworn to before the County Clerk of Jackson County, West Virginia, this ~~30th~~ 30th day of November, 2001.

Jeff Waybright, County Clerk

OATH OF OFFICE

STATE OF WEST VIRGINIA

COUNTY OF JACKSON, to-wit:

I, Dale K. Mason, do solemnly swear that I will support the Constitution of the United States, the Constitution of the State of West Virginia, and that I will faithfully and impartially discharge the duties as a member of the Southern Jackson County Public Service District in and for Jackson County, West Virginia, to the best of my still and judgment, during my continuance in the same. SO HELP ME GOD. Term to expire December 1, 2003

Dale K. Mason

Subscribed and sworn to before the County Clerk of Jackson County, West Virginia, this 20th day of March, 2001.

Jeff Waggoner, County Clerk

RULES OF PROCEDURE

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: Southern Jackson County Public Service District (the "District")

Section 2. The principal office of the District will be located on State Route 21, near Kenna, Jackson County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Southern Jackson County Public Service District.

Section 4. The fiscal year of the District shall begin the 1st day of January in each year and shall end on the following December 31.

ARTICLE II

PURPOSE

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

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board (the "Board") of the District shall be those persons appointed by The County Commission of Jackson County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Board resign or otherwise become legally disqualified to serve as a member of the Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Board of the District shall hold regular monthly meetings on the second Wednesday of each month at 7:00 p.m. at the District's office or at such day, hour and location as the members shall determine from time to time. If the day stated should fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Board of the District, 2 members shall constitute a quorum. Each member of the Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise waived, notice to members by letter or telephone shall be required for special meetings. Unless otherwise waived, notice in writing of each special meeting of the membership shall be given to all members by the Secretary by mailing the same to the last known post office addresses of the members at least 3 days before the date fixed for such meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

Section 4. At the regular meetings of the Board, the following shall be the order of business:

1. Roll call.
2. Reading and approval of the Minutes of the previous meeting.
3. Bills and communications.
4. Reports of the Secretary and Treasurer.
5. Reports of committees.
6. Unfinished business.
7. Adjournment.

Section 5. Pursuant to Section 3, Article 9A, Chapter 6 of the Code of West Virginia, 1931, as amended, notice of the date, time, place and agenda of all regularly scheduled meetings of the Board, and the date, time, place, purpose and agenda of all special meetings of the Board, shall be made available, in advance, to the public and the new media as follows:

A. Regular Meetings. A notice will be posted by the Secretary of the Board at the front door of the place fixed for the regular meetings of the Board concerning the date, time, place and tentative agenda for the holding of regularly scheduled meetings at least 3 days before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has occurred.

B. Special Meetings. A notice shall be posted by the Secretary of the Board at the front door of the place fixed for any special meetings of the Board at least 3 days before a special meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held except in the event of an emergency requiring immediate official action. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has occurred.

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

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

NOTICE OF SPECIAL MEETING

The Public Service Board of Southern Jackson County Public Service District will meet in special session on _____, ____, at ____ _.m., prevailing time, at _____, Kenna, West Virginia, for the following purposes:

1. To consider and act upon a proposed Bond Resolution providing for the issuance of a _____ Revenue Bond, Series ____, of the District, in the principal amount of $_____ to provide funds for construction of _____ distribution facilities of the District.

2. To authorize the Chairman and Secretary of the Board to sign such documents as may be required to accomplish the purposes set forth above.

3. [Insert description of agenda items].

_____
Secretary

Date: _____, ____

D. Notice to any news media which requests such notices or regularly attends such meetings may be given by mailing or telecopying a copy of such notice to the address or fax number furnished in writing to the District by such news media.

ARTICLE V

OFFICERS

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

Section 2. The officers of the Board shall be elected each year by the members at the first meeting held in the month of January of such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected as hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Board. He shall, together with the Secretary, sign the minutes of all meetings at which he shall preside. He shall attend generally to the executive business of the Board and exercise such powers as may be conferred upon him by the Board, by these Rules of Procedure, or prescribed by law. He shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. If the Chairman is absent from any meeting, the remaining members of the Board shall select a temporary chairman.

Section 3. The Secretary shall keep a record of all proceedings of the Board, which shall be available for inspection as other public records. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other writings and papers of the Board. He shall also perform such other duties as he may have under law by virtue of his office or as may be conferred upon him from time to time by the members of the Board.

Section 4. All resolutions shall be in writing and shall be copied in minutes of the meetings of the Board, and the voting on all questions coming before the Board shall be by roll call, and the Ayes and Nays shall be entered upon the minutes of such meeting.

Section 5. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall

perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

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

STATE OF WEST VIRGINIA,

COUNTY OF JACKSON, to-wit:

I, Brenda Hurt-Winters do hereby certify that I am the duly qualified and acting Secretary of the Public Service Board of the Southern Jackson County Public Service District.

I further certify that the above and foregoing is a true and correct copy of the Rules of Procedure of the Public Service Board of the Southern Jackson County Public Service District, Jackson County, West Virginia, adopted on May 8, 2002, and which remain in full force and effect with no changes, insertions, amendments or modifications having been made thereto since their date of adoption.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and affixed the seal of said Public Service District, this 8th day of May, 2002.

Brenda Hurt-Winters
Secretary

(SEAL)

COPY

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
January 9, 2002

MINUTES - WATER

Present: James Stover, Chairman
Jim Hutchinson, Vice Chairman
Dale Mason, Member
Dannie Raines, General Manager
Brenda Winters, Secretary
Linda Parsons, Treasurer

Others: Bill Shanklin, Develpr

The Board of Commissioners of Southern Jackson County Public Service District held its regular meeting January 9, 2002 at the District office. Chairman Stover called the meeting to order.

The minutes of December 12, 2001 were read and approved.

The invoices presented for payment were reviewed and approved.

Guest: Bill Shanklin, developer, attended to present design plans for property he owns known as Goshen Farm at Kentuck. Board members discussed water extension guidelines with Mr. Shanklin, noting that as a developer, he would not be reimbursed for costs. Buyers of subdivision lots would each pay $200 tap fee to the District. There is a need for an engineer to give hydraulics for the elevation at certain points within the development. Mr. Shanklin was given the paperwork required to be executed for an alternate mainline extension by a developer.

UNFINISHED BUSINESS -

Kentuck-Dudden Water Extension: Commissioners acknowledged that project contractors have received notice to proceed, with schedule to commence March 1, 2002. A statement was presented from accounting firm of Smith, Cochran & Hicks, CPA, representing a fee adjustment for services rendered due to a recalculation following the contract re-bid.

Service Outages/Customer Complaints: A leak was repaired that affected customers of the Rolling Hills Subdivision on December 31, 2001.

Unaccounted Water: Reporting data is an indicator that the losses are concentrated in the Kenna zone. Dannie Raines advised that a 3-inch bypass meter was on order, to be installed at corner area of Rt 21 and Pleasant Valley Road. Diligent effort will continue to locate the source for unaccounted water.

Proposed New Stone Ridge, Grasslick, Given Road, Stonelick Extension: Dannie Raines reported that RUS was being provided additional required information for the application process for this project. Board acknowledged the $1800 fee Smith, Cochran & Hicks will charge for the Rule 42 Exhibit on this project. City of Ripley has been requested to document a written commitment that it will provide 750,000 gallons of water per month to the District.

Goldizen/Casto Request for Service: Dannie Raines reported that Marjorie Ryan had resigned the Planning Board of Putnam County Commission, and the interim officer stated that the funding request for this water extension will be appropriately presented to that Commission.

Jones/Boggess Civil Complaint: Nothing to report.

NEW BUSINESS -

Renewed Commissioner Term: Jim Hutchinson's renewed term of office as a commissioner on SJCPSD Board has been approved for a term of six years (12/08).

Board of Elections: Nominated and duly elected to serve as SJCPSD Board officers for the year 2002 were as follows:

James Stover, Chairman
Jim Hutchinson, Vice Chairman
Linda Parsons, Treasurer
Brenda Hurt-Winters, Secretary

Equipment Shed: Dannie Raines presented to Board the need for a 24x36 foot shed to be utilized for equipment storage. The Board agreed that the shed should be built, and directed that comparative pricing be considered for the materials and labor before awarding to a builder.

Accountant Addendum for Payment: Smith-Cochran-Hicks had rendered recalculations for the funding and interest when the Kentuck-Dudden water extension was rebid for contract. Board agreed to an addendum as presented for an adjusted payment to the accounting firm for Rule 42 services rendered.

Personnel: Board members held the annual review and evaluation of District personnel. Dannie Raines will follow-up with each employee individually with regard to the evaluations.

There being no further business, the meeting was adjourned. The next regular meeting will be held **Wednesday, February 13, 2002**, beginning at 7:00 p.m. at the District office.

Board Members:

James Stover, P.E., Chairman

Jim Hutchinson, Vice Chairman

Dale Mason, Member

Secretary

Brenda Hurt-Winters

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE PUBLIC SEWER SYSTEM OF SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, AND THE FINANCING OF A PORTION OF SUCH COSTS THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BOND, SERIES 2002 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BOND; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BOND; AND AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ADOPTED BY THE PUBLIC SERVICE BOARD OF SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Resolution") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. Southern Jackson County Public Service District (the "Issuer") is a public service district, public corporation and political subdivision duly created under the laws of the State of West Virginia in Jackson County.

B. The Issuer presently owns and operates a public sewer system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer and surrounding areas that there be acquired and constructed certain additions, betterments, improvements and extensions to the existing sewer system of the Issuer, consisting of the acquisition, construction, installation and equipping of approximately 28,272 linear feet of 8-inch line, 15,310 linear feet of 6-inch line, 13,236 linear feet of 2-inch line, three 5,000 gallon septic tanks to serve 2 commercial customers and one subdivision, 256 residential septic tanks, 3 pump stations, 5 septic tank effluent pump stations, 25 inspection chambers on existing mains, an upgrade of the plant effluent screen retrieved system and related property and equipment (collectively, the "Project") which constitute properties for the collection and/or transportation, purification and disposal of liquid or solid wastes, sewage or industrial wastes (the existing and proposed sewer

facilities of the Issuer, the Project and any further additions thereto or extensions thereof are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications are on file with the Issuer.

C. The Issuer has outstanding its Sewer System Revenue Bond, Series 1994 A, 1994 B and 1994 C, dated July 19, 1994, issued in the original principal amounts of $400,000, $52,000 and $40,000, respectively (collectively, the "Prior Bonds"), which were issued by resolution duly adopted by the Issuer on July 13, 1994 (the "Prior Resolution").

Prior to the issuance of the Bond, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Bond on parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer that are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolution.

D. In accordance with Section 3 of the Act, the System will be under the supervision and control of the Public Service Board of the Issuer (the "Board").

E. The estimated revenues being and to be derived in each year from the Project and the System will be sufficient to pay the costs of operation and maintenance of the System, the principal of and interest on the Bond and the Prior Bonds and all sinking funds, reserve accounts and other payments provided for herein and all as such terms are hereinafter defined.

F. It is deemed necessary for the Issuer to issue its Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund) (the "Bond" or the "Series 2002 Bond"), in the total aggregate principal amount of not more than $3,000,000 to finance a portion of the cost of the acquisition, construction and equipping of the Project.

The cost of such acquisition, construction and equipping of the Project shall be deemed to include but not limited to the cost of acquiring, constructing and equipping the Project and all attendant expenses; amounts which may be deposited in the Series 2002 Bond Reserve Account; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to the enterprise, administrative expense, commitment fees, fees of the Authority (hereinafter defined) or the Council, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bond and such other expenses as may be necessary or incidental to the financing herein authorized, and the performance of the things herein required or permitted in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bond for acquisition, construction and equipping purposes shall be deemed Costs of the Project, as hereinafter defined.

G. The period of usefulness of the System after completion of the Project is not less than forty (40) years.

H. The Issuer has completed and filed with the West Virginia Water Development Authority (the "Authority") and the West Virginia Infrastructure and Jobs Development Council (the "Council") an Application for a Loan with attachments and exhibits and will file an Amended Application for a Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), and Council has provided the Issuer with a binding commitment letter, indicating its willingness to purchase the Bond of the Issuer with moneys held in the Fund, hereinafter defined, subject to the Issuer's satisfaction of certain legal and other requirements of the Authority.

I. It is in the best interests of the Issuer that the Bond be sold to the Authority pursuant to the terms and provisions of the Loan Agreement entered into between the Issuer and the Authority, on behalf of the Council.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and equipping of the Project and issuance of the Bond including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Bond or such final order will not be subject to appeal. The Issuer has received the approval of the Council.

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 equal benefit, protection and security of the Registered Owners of any and all of such Bond, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bond of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

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

"Authorized Officer" means the Chairman of the Issuer or any acting Chairman duly appointed by the Governing Body.

"Board" means the Public Service Board of the Issuer, as created and appointed by the Jackson County Commission pursuant to the provisions of Chapter 16, Article 13A, Section 3 of the Code of West Virginia, 1931, as amended, and any successor thereto.

"Bond" means the Issuer's Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund), authorized to be issued hereunder.

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

"Bond Registrar" or "Registrar" means the bank or other entity designated as such in Section 4.03 E. hereof, 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.

"Chairman" means the Chairman of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Bond for the proceeds, or at least a de minimus portion thereof, from the Authority.

"Code" means the Internal Revenue Code of 1986, as amended, and including all Regulations promulgated pursuant thereto, and any successors thereto.

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

"Consulting Engineers" means Boyles and Hildreth, Spencer, West Virginia, or any engineer or firm of engineers, licensed by the State, that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System, in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

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

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

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

"Depository Bank" means the bank designated as such in Section 4.03 E. hereof, and its successors and assigns.

"FDIC" means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC, which shall be a member of FDIC.

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

"Fund" means the West Virginia Infrastructure Fund created pursuant to Chapter 31, Article 15A, Section 9, of the Code of West Virginia, 1931, as amended.

"Governing Body" means the public service board of the Issuer or other legally constituted governing body of the Issuer, as 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.

"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, purchased pursuant to Article 7.01 hereof) or any Tap Fees, as hereinafter defined.

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

"Independent Certified Public Accountants" shall mean 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.

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

"Loan Agreement" shall mean the Loan Agreement to be entered into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Bond from the Issuer by the Authority, the form of which may be approved, and the execution and delivery by the Issuer authorized and directed or ratified herein or by a Supplemental Resolution.

"Net Proceeds" means the face amount of the Bond, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2002 Bond Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Bond, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

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

"Parity Bond" or "Parity Bonds" means additional bonds issued under the provisions and within the limitation prescribed by Section 6.07 hereof.

"Paying Agent" means the Commission.

"Prior Bonds" means the Issuer's Sewer System Revenue Bond, Series 1994 A, 1994 B and 1994 C, dated July 19, 1994, issued by the Issuer by resolution duly adopted on July 13, 1994.

"Prior Resolution" means the resolution adopted by the Issuer and effective on July 13, 1994, authorizing the issuance of the Prior Bonds.

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

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

"Project Account" means the Project Account established by Section 4.01 hereof.

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 4.01 hereof.

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

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

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

"Secretary" means the Secretary of the Issuer.

"Series 2002 Bond Reserve Account" means the Series 2002 Bond Reserve Account established by Section 4.02 hereof.

"Series 2002 Bond Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Bond in the then current or any succeeding year.

"Series 2002 Bond Sinking Fund" means the Series 2002 Bond Sinking Fund established by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Bond and the Prior Bonds.

"State" means the State of West Virginia.

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

"Surplus Revenues" means the Net Revenues not required by the Resolution to be set aside and held for the payment of or security for the Bond, the Prior Bonds or any other obligations of the Issuer, including the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

"System" means the complete public service properties of the Issuer for or in connection with the collection, treatment, purification or disposal of liquid or solid wastes, sewage

or industrial wastes, and all facilities and other property of every nature, real and personal, now or hereafter owned, held or used in connection with the sewer system; and shall also include the Project and any and all additions, extensions, improvements, properties, or other facilities at any time acquired or constructed for the sewer system after completion of the Project.

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

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

ARTICLE II

AUTHORIZATION OF PROJECT

Section 2.01. Authorization of Acquisition, Construction and Equipping of the Project. There is hereby authorized the acquisition, construction and equipping of the Project, at an estimated cost of $4,500,000 in accordance with plans and specifications prepared by the Consulting Engineers and filed in the office of the Governing Body. The proceeds of the Bond hereby authorized shall be applied as provided in Article IV hereof. The Issuer has received bids and has entered or will enter into contracts for the acquisition, construction and equipping of the Project, which are in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated to be $4,500,000, of which approximately $3,000,000 will be obtained from proceeds of the Bond and approximately $1,500,000 will be obtained from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant).

ARTICLE III

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

Section 3.01. Authorization of Bond. For the purposes of paying for acquisition, construction and equipping of the Project not otherwise provided for and paying certain costs of issuance of the Bond and related costs, or any other purposes as determined by a Supplemental Resolution, there shall be and hereby are authorized to be a issued negotiable Bond of the Issuer. Said Bond shall be issued as a single bond and designated as "Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund)", in the aggregate principal amount of not more than $3,000,000 and shall have such terms as set forth hereinafter or in a Supplemental Resolution. The proceeds of the Bond remaining after funding of the Series 2002 Bond Reserve Account (if funded from Bond proceeds) shall, subject to Section 5.02 hereof, be deposited in or credited to the Project Account established by Section 4.01 hereof.

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

Unless otherwise provided by a 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 debt service schedule attached, representing the aggregate principal amount of the Bond. The Bond shall be exchangeable at the option and expense of the Holder for other fully registered Bond of the same series Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bond; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bond shall be issued in fully registered form and in denominations and at such interest rates and shall be payable as determined by a new Bond Resolution.

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

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 form set forth in Section 3.08 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 have 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 Bond issued hereunder.

Section 3.04. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bond shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bond shall be conclusively deemed to have agreed that such Bond shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive 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 the Bond remains outstanding, the Bond Registrar shall keep and maintain books for the registration and transfer of the Bond. The registered 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 Bond or transferring the registered Bond are exercised, Bond 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 of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bond during the period commencing on the 15th day of the month preceding an interest payment date on the Bond or, in the case of any proposed redemption of Bond, next preceding the date of the selection of Bond to be redeemed, and ending on such interest payment date or redemption date.

Section 3.05. Bond Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and 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 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bond so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.06. Bond not to be Indebtedness of Issuer. The Bond shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of any of the Bond shall ever

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

Section 3.07. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured by a first lien on the Net Revenues derived from the System on parity with the lien of the Prior Bonds, in addition to the statutory mortgage lien on the System. Such Net Revenues in an amount sufficient to pay the principal of, interest, if any, on and other payments for the Bond and the Prior Bonds and to make the payments into the Sinking Funds, the Reserve Accounts and the Renewal and Replacement Fund, are hereby irrevocably pledged to such payments as the same become due on a parity basis.

Section 3.08. Form of Bond. The text of the Bond shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Jackson County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the order of the West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of _____Dollars ($_____), or such lesser amount as set forth on the Record of Advances attached as Exhibit A hereto and incorporated herein by reference. Principal of this Bond is payable in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200_, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference.

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

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

This Bond is issued (i) to pay a portion of the costs of acquisition, construction and equipping of certain additions, betterments and improvements to the public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing sewer system of the Issuer, together with the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Resolution duly adopted by the Issuer and effective on _____, 2002, and a Supplemental Resolution duly adopted by the Issuer on _____ __, 2002 (collectively, 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 this Bond under the Resolution.

THIS BOND IS ISSUED ON PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S SEWER SYSTEM REVENUE BOND, SERIES 1994 A, 1994 B AND 1994 C, DATED JULY 19, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNTS OF $400,000, $52,000 AND $40,000, RESPECTIVELY, (COLLECTIVELY, THE "PRIOR BONDS").

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 parity with the pledge of Net Revenues in favor of the Prior Bonds, and from moneys in the Reserve Account created under the Resolution for this Bond (the "Series 2002 Bond Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all Bonds that may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, if any, except from said special fund provided from the Net Revenues, the moneys in the Series 2002 Bond Reserve Account and unexpended proceeds of this Bond. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System and to leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount payable in any year for principal of and interest, if any, on this Bond and the Prior Bonds, and all other obligations secured by a lien on or payable from such Net Revenues on parity with this Bond, provided however, that so long as there exists in the Series 2002 Bond Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year and in the reserve account established for any other obligations outstanding on parity with this Bond, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to one hundred ten percent (110%). The Issuer has entered into certain further covenants with the registered owners of this Bond for the terms of which reference is made to the Resolution. Remedies provided the registered owners of this Bond 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 Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Resolution, shall be applied solely to the payment of the costs of the Project and costs of issuance hereof as 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 registered owner of this Bond.

Under the Act, this Bond is exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

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

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

All provisions of the 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.

This Bond shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

IN WITNESS WHEREOF, SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary and has caused this Bond to be dated _____ __, 2002.

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

[SEAL]

By: _____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2002 Bond 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: _____, 2002

THE CITY NATIONAL BANK OF WEST VIRGINIA,
as Registrar

By: _____

Its: _____

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $_____	__/__/02	(13) $	
(2) $		(14) $	
(3) $		(15) $	
(4) $		(16) $	
(5) $		(17) $	
(6) $		(18) $	
(7) $		(19) $	
(8) $		(20) $	
(9) $		(21) $	
(10) $		(22) $	
(11) $		(23) $	
(12) $		(24) $	

EXHIBIT B

DEBT SERVICE SCHEDULE

ASSIGNMENT

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

Dated: _____, 20__.

_____
(Assignor)

Witnessed in the presence of:

_____

Section 3.09. Sale of Bond; Ratification of Execution of Loan Agreement with Authority and the Council; Incorporation of Terms. The Bond shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in substantially the form attached hereto as "Exhibit A" and made a part hereof, with such changes, insertions and omissions as may be approved by the Chairman, the execution of which shall be conclusive evidence of such approval, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Council and the Authority, and any such prior execution and delivery is hereby authorized, ratified and approved. The Loan Agreement, including all schedules and exhibits attached thereto, as the same may be amended and/or supplemented, and the terms and provisions thereof are herein incorporated by reference thereto.

Section 3.10. Filing of Amended Schedule. Upon completion of the acquisition, construction and equipping of the Project, the Issuer will file with the Authority and the Council a schedule, the form of which shall be provided by the Council, setting forth the actual costs of the acquisition, construction and equipping of the Project and sources of funds thereof.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with the Depository Bank. The following special funds or accounts are created or continued 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:

(1) Revenue Fund;

(2) Renewal and Replacement Fund; and

(3) Project Account.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with the Commission:

(1) Series 2002 Bond Sinking Fund; and

(2) Series 2002 Bond Reserve Account.

Section 4.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this 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 herein provided.

(1) The Issuer shall, on the first day of each month, transfer from the Revenue Fund an amount necessary and sufficient to pay current Operating Expenses.

(2) The Issuer shall next, each month, from the moneys in the Revenue Fund, make the interest payments on the Prior Bonds in the amounts and on the dates required by the Prior Resolution.

(3) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the principal payments on the Prior Bonds in the amounts and on the dates required by the Prior Resolution and (ii) on the first day of each month, beginning three (3) months prior to the first date of payment of principal of the Bond, as set forth in Schedule Y to the Loan Agreement, remit to the Commission for deposit in the Series 2002 Bond Sinking Fund, an amount equal to one-third (1/3) of the amount of principal which will mature and become due on the 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 2002 Bond Sinking Fund and the next quarterly principal payment date is less than three (3) months, then such monthly payments shall be increased proportionately to provide, one (1) month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, each month, from the moneys in the Revenue Fund, (i) make the reserve account payments for the Prior Bonds in the amounts and on the dates required by the Prior Resolutions, and (ii) on the first day of each month, commencing three (3) months prior to the first date of payment of principal of the Bond, if not fully funded upon issuance of the Bond, remit to the Commission for deposit into the Series 2002 Bond Reserve Account, an amount equal to 1/120 of the Series 2002 Bond Reserve Requirement; provided, that no further payments shall be made into the Series 2002 Bond Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2002 Bond Reserve Requirement.

(5) The Issuer shall next, each month, from the moneys remaining in the Revenue Fund, 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. 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 VII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

With respect to the payments made by the Issuer under Section 4.03A (3) through (4) above which relate to the Bond, the Issuer shall complete the Monthly Payment Form attached to the Loan

Agreement and submit a copy of said form and the check or checks representing such payments to the Authority by the 5th day of such calendar month.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and prorata, with respect to the Bond and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

Moneys in the Series 2002 Bond Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Bond, as the same shall become due. Moneys in the Series 2002 Bond Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Bond, as the same shall come due, when other moneys in the Series 2002 Bond Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2002 Bond Sinking Fund and Series 2002 Bond Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during acquisition, construction and equipping of the Project, be deposited in the Project Account, and following completion of acquisition, construction and equipping of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the Bond, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 2002 Bond Reserve Account that result in a reduction in the balance of the Series 2002 Bond Reserve Account to below the Series 2002 Bond Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full, to the Series 2002 Bond Sinking Fund for payment of debt service on the Bond.

As and when additional bonds ranking on parity with the Bond are issued, provision shall be made for additional payments into the respective Sinking Fund sufficient to pay the interest on such additional parity bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective Reserve Account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2002 Bond Sinking Fund or into the Series 2002 Bond Reserve Account therein when the aggregate amount of funds in said Series 2002 Bond Sinking Fund and Series 2002 Bond Reserve Account are at least equal to the aggregate principal amount of the Bond issued pursuant to this Resolution then Outstanding and all interest, if any, to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2002 Bond Sinking Fund and the Series 2002 Bond Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority, the Issuer shall make the necessary arrangements whereby required payments into such accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates hereof.

Moneys in the Series 2002 Bond Sinking Fund and the Series 2002 Bond Reserve Account shall be invested and reinvested by the Commission in accordance with Section 7.01 hereof.

The Series 2002 Bond Sinking Fund, including the Series 2002 Bond Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Bond Outstanding under the conditions and restrictions set forth herein.

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

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Such Surplus Revenues may be used for any lawful purposes of the Issuer.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Commission's fees, the Registrar's fees, the Paying Agent's fees and the Depository Bank's charges then due.

E. City National Bank of West Virginia is hereby designated as the Bond Registrar for the Bond, and City National Bank is hereby designated as the Depository Bank. The Commission is hereby designated as Paying Agent for the Bond.

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

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 4.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

H. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. If requested in writing by the Authority and the Council, all remittances may be made by electronic transfer or automatic debit.

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

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

ARTICLE V

BOND PROCEEDS; DISBURSEMENTS

Section 5.01. Application of Bond Proceeds. From the moneys received from time to time from the sale of the Bond, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Bond, there shall be deposited with the Commission in the Series 2002 Bond Reserve Account the sum, if any, required hereunder for funding the Series 2002 Bond Reserve Account.

B. The remaining moneys derived from the sale of the Bond shall be deposited by the Issuer as received from time to time in the Project Account established hereunder.

C. The Depository Bank shall comply with all requirements with respect to the disposition of the Project Account set forth in this Resolution. Moneys in the Project Account shall be used solely to pay Costs of the Project and, until so transferred or expended, are hereby pledged as additional security for the Bond.

Section 5.02. Disbursements from the Project Account. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 5.01 hereof, disbursements from the Project Account shall be made only after submission to and approval from, the Authority and the Council of the following:

(1) a certificate, signed by an Authorized Officer 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 disbursement theretofore made;

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Project Account only the net amount remaining after deduction of any such portion. All payments made from the Project Account shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Project Account. 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 Project Account, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, any proceeds of the Bond remaining shall be applied as directed by the Council.

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

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bond. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Bond as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as the Bond, or any interest thereon, or the interest thereon is Outstanding and unpaid.

Section 6.02. 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 Holders of any Bond shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Bond or the interest, if any, thereon.

Section 6.03. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond issued hereunder shall be secured forthwith by a first lien on the Net Revenues derived from the operation of the System on parity with the lien of the Prior Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest, if any, on the Bond and the Prior Bonds and to make the payments into all funds and accounts, and all other payments provided for in the Resolution are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest, if any, on the Bond and the Prior Bonds as the same become due, and for the other purposes provided in the Resolution.

Section 6.04. Rates. Prior to issuance of the Bond, equitable rates or charges for the proposed and/or actual use of and service rendered by the System have been or 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 the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. 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 Operating Expenses of the System and (ii) to leave a balance each Fiscal Year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest, if any, on the Bond and the Prior Bonds and all other obligations secured by a lien on or payable from such revenues on parity with the Bond; provided that, in the event that an amount at least equal to or in excess of the Series 2002 Bond Reserve Requirement is on deposit in the Series 2002 Bond Reserve Account and the Reserve Accounts for obligations on parity with the Bond, including the Prior Bonds, are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least one hundred ten percent (110%) of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest, if any, on the Bond and all other obligations on a parity with the Bond.

Section 6.05. Sale of the System. So long as the Prior Bonds are Outstanding, the System may not be sold, transferred, mortgaged, leased or otherwise disposed of, except in accordance with the terms of the Prior Resolution. So long as the Bond is Outstanding and except as otherwise required by state law and with the consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Outstanding Bond and effectively defease this Resolution in accordance with Section 9.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Outstanding Bond, immediately be remitted to the Commission for deposit in the Series 2002 Bond Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such

proceeds to the payment of principal of the Outstanding Bond. Any balance remaining after the payment of all the Outstanding Bond 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, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority and the Council, be remitted by the Issuer to the Commission for deposit in the Series 2002 Bond Sinking Fund and shall be applied only to the purchase of Bond of the last maturities then Outstanding at prices not greater than the redemption price of such Bond. Such payment of such proceeds into the Series 2002 Bond Sinking Fund 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 all Bond then outstanding without the prior approval and consent in writing of the Council and the Holders, or their duly authorized representatives, of the Bond then outstanding. The Issuer shall prepare the form of such approval and consent for execution by the Council and the then Holders of the Bond for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 6.06 and in Section 6.07, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise 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 Bond and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Bond and payable from the revenues of the System, except such additional parity bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Bond and the Prior Bonds; provided, that no such subordinate obligations

shall be issued unless all payments required to be made into all funds and accounts set forth herein at the time of the issuance of such subordinate 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 lien of the Bond, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bond and the interest, if any, thereon in this Resolution, or upon the System or any part thereof.

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

Section 6.07. Parity Bonds. So long as the Prior Bonds are Outstanding, no Parity Bonds shall be issued except in accordance with the terms of the Prior Resolutions. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Bond issued pursuant to this Resolution, except under the conditions and in the manner herein provided. No Parity Bonds shall be issued without the prior written consent of the Authority and the Council.

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

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

So long as the Prior Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds then Outstanding, including, without limitation, the Prior Bonds;

(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 following limitation may be waived or modified by the written consent of the Holders of the Prior Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Prior Bonds are no longer Outstanding, the following parity requirement shall be met:

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants,

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 for, from the System during any twelve (12) consecutive months, within the eighteen (18) months immediately preceding the date of the actual issuance of such Parity Bond, plus the estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years after the completion of the improvements to be financed by such Parity Bond, shall not be less than one hundred fifteen percent (115%) of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Prior Bonds and the Bond then Outstanding;

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

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

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

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

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

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

Parity Bond 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 liens of the Bond 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 any time, however, unless all the payments into the respective funds and accounts provided for in this Resolution with respect to the Bond then outstanding, and any other payments provided for in this Resolution, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Resolution.

Section 6.08. Books, Records and Audit. The Issuer shall keep complete and accurate records of the costs of acquisition, construction and equipping the System, acquiring the Project site and acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the Council such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

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

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

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

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

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

Commencing on the date contracts are executed for the acquisition, construction and equipping of the Project and for two (2) years following the completion of the Project, the Issuer shall each month complete a Monthly Financial Report, the form of which is attached to the Loan Agreement, and forward a copy of such report by the 10th of each month to the Authority and the Council.

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

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

Section 6.09. Operating Budget. The Issuer shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the Council within thirty (30) days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of ten percent (10%) of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall, within thirty (30) days of the adoption thereof, mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Council, the Authority and to any Holder of any Bond, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Council, the Authority and any Holder of any Bond, or anyone acting for and on behalf of such Holder of any Bond.

Section 6.10. Engineering Services and Operating Personnel. Prior to the issuance of the Bond, the Issuer must obtain the certificate of the Consulting Engineers in the form attached to the Loan Agreement to the effect that the Project will be constructed in accordance with the approved plans, specifications and designs as submitted to the Council and the Authority, as the case may be, the Project is or will be adequate for the purposes for which it was designed, the funding plan as submitted to the Council and the Authority is sufficient to pay the costs of the acquisition, construction and equipping of the Project and all permits required by federal and state laws for the construction of the Project have been obtained.

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

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

Section 6.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person,

firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the Issuer does not own the water facilities, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of such entity.

Section 6.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Bond remains Outstanding, the Issuer and its contractors and subcontractors will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

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

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

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

(6) FIDELITY BONDS will be provided by every officer, member and employee of the Issuer having custody of the revenues or any

funds of the System in an amount at least equal to the total funds in the custody of any such person at any one time.

B. The Issuer shall require all contractors and subcontractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount 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. The Issuer shall verify such bonds prior to commencement of construction.

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

Section 6.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order 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 matters 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 thirty (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, provided that Issuer gives no assurance of compliance with these requirements for parties outside the limits of the Issuer.

Section 6.16. Completion and Operation of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained or will obtain all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Bond required by State law, with all appeal periods having expired without successful appeal.

Section 6.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PUBLIC PURPOSE BOND. The Issuer shall use the Bond proceeds solely for the Project and as otherwise set forth herein, and the Project will be solely operated as a public purpose and as a local governmental activity of the Issuer.

B. PRIVATE ACTIVITY BOND COVENANT. The Issuer shall not permit at any time or times any of the proceeds of the Bond or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bond from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Bond as "private activity Bond" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Bond.

C. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of five percent (5%) of the Net Proceeds of the Bond are used, directly or indirectly, to make or finance a loan to persons other than state or local government units.

D. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bond to be "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

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

F. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including those deemed necessary by the Authority) so that the interest on the Bond will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those determined by the Authority) which would adversely affect such exclusion.

Section 6.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the Council or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with copies of all documents submitted to the Authority.

Section 6.19. Securities Law Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 6.20. Statutory Mortgage Lien. For the further protection of the holders of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Bond ; provided that, the statutory mortgage lien of the Bond shall be on parity with that of the Prior Bonds.

Section 6.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Bond or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

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

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

ARTICLE VII

INVESTMENT OF FUNDS

Section 7.01. 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 written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 7.01 and in Section 7.02.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such

other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any Bond is outstanding.

Section 7.02. Certificate as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Bond as a condition to the issuance of the Bond. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Bond, as may be necessary in order to maintain the status of the Bond as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Bond that would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Bond are derived, to lose their status as tax-exempt bonds; and (iii) to take any action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

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

ARTICLE VIII

DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bond:

(1) If default occurs in the due and punctual payment of the interest on or principal of any of the Bond 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 Bond set forth in this Resolution, or the Loan Agreement, any Supplemental Resolution or in the Bond, and such default shall have continued for a period of thirty (30) days after the Issuer

shall have been given written notice of such default by the Commission, Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

(4) If default occurs under the Prior Resolution.

Section 8.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of Outstanding Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any past due and unpaid principal or interest, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the 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 Outstanding Bond, (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 Outstanding Bond, and (v) by action or bill in equity enjoin any acts in violation of the Resolution with respect to the Outstanding Bond, or the rights of such Registered Owners; provided that, all rights and remedies of the holders of the Bond shall be on a parity with the holders of the Prior Bonds.

Section 8.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Resolution and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bond any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bond and interest and deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Resolution and the Act.

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

Whenever all that is due upon the Bond and interest, if any, 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 Bond shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bond. 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 Owner of such Bond 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.

ARTICLE IX

PAYMENT OF BONDS

Section 9.01. Payment of Bond. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then with respect to the Bond only 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 Bond shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE X

RATES, RULES, COVENANTS, ETC.

Section 10.01. Initial Schedule of Rates and Charges.

A. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement.

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

B. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in a Final Order of the Public Service Commission of West Virginia dated August 30, 2001, in Case Number 00-1829-PSD-CN, which order is incorporated herein by reference and is made a part hereof.

C. The Issuer hereby ratifies and adopts to the extent necessary the rates and charges as set out in the above-referenced order and included on the tariff sheet filed with the Public Service Commission of West Virginia.

Section 10.02. Further Covenants.

The Issuer hereby further covenants and agrees as follows:

A. There shall not be any discrimination or differential in rates between customers in similar circumstances.

B. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

C. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

D. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have such remedies and powers as are provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Resolution. Prior to the issuance of the Bond, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following the issuance of the Bond, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Bond shall be made without the consent in writing of the Registered Owners of the Bond so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bond 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 excludability of interest on the Bond from gross income of the holders 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, a Supplemental Resolution or the Bond.

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

Section 11.05. Conflicting Provisions Repealed. Subject to the continuing applicability of the Prior Resolution so long as the Prior Bonds are Outstanding, all ordinances, order or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

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

Section 11.07. Effective Date. This Resolution shall take effect immediately upon its adoption and after the public hearing.

Section 11.08. Statutory Notice of Meeting and Bond Issue. Notice of the date, time, place and purpose of the meeting at which the Governing Body considered this Resolution for adoption was given at least ten (10) days in advance thereof by Class I legal advertisement in *The Jackson Herald*, a newspaper of general circulation in the area served by the Issuer.

The Issuer has duly published a notice of the acquisition, construction and equipping of the Project, the issuance of the Bond and related matters, as required by the Act, thirty (30) days prior to making formal application to the Public Service Commission of West Virginia for a certificate of public convenience and necessity.

Adopted this 8th day of May, 2002.

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

By: James F. Stone
Chairman

[SEAL]

ATTEST:

Brenda Hurt-Winters
Secretary

CERTIFICATION

The undersigned does hereby certify that the attached Resolution is a true and accurate copy of a Resolution duly adopted by the Public Service Board of the SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT on May 8, 2002, and that the foregoing document remains in full force and effect and has not been amended.

Dated: May 8, 2002.

[SEAL]

Brenda Kirk-Winters
Secretary

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA INFRASTRUCTURE FUND)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT SEWER REVENUE BOND, SERIES 2002 (WEST VIRGINIA INFRASTRUCTURE FUND); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BOND TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; MAKING PROVISIONS FOR THE PAYMENT OF THE BOND; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Board") of the Southern Jackson County Public Service District (the "District"), has duly and officially adopted a Bond Resolution on May 8, 2002 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE PUBLIC SEWER SYSTEM OF SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, AND THE FINANCING OF A PORTION OF SUCH COSTS THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BOND, SERIES 2002 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BOND; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BOND; AND AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Resolution provides for the issuance of the Southern Jackson County Public Service District, Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund) (the "Bond"), in the aggregate principal amount not to exceed $3,000,000, and has authorized the execution and delivery of a Loan Agreement by and between the District and the West Virginia Water Development (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") relating to the Bond (the "Loan

Agreement"), including all schedules and exhibits attached thereto, all in accordance with Chapter 16, Article 13A and Chapter 31A, Article 15A of the Code of West Virginia Code of 1931, as amended (collectively, the "Act");

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

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

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

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

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

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

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Southern Jackson County Public Service District, Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund), originally represented by a single Bond, numbered R-1, in the principal amount of $2,888,924. The Bond shall be dated the date of delivery thereof, shall finally mature March 1, 2042, and shall bear no interest. The principal on the Bond is payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2004, in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made apart of the Bond. The Bond shall be subject to redemption upon the written consent of the Authority and the Council, upon payment of the redemption premium, if any, and upon continued compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Bond.

Section 2. The Bond shall be issued as a fully registered Bond, both as to principal and interest, if any, and shall be registered to the Authority.

Section 3. All other provisions relating to the Bond and the text of the Bond shall be in substantially the form provided in the Resolution.

Section 4. The District does hereby ratify the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein on behalf of the District are hereby authorized, directed, ratified and approved. The District hereby affirms all covenants and representations made in the Loan Agreement and in the Applications to the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds will be advanced from time to time as requisitioned by the District.

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

Section 6. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bond hereby and by the Resolution approved and provided for, to the end that the Bond may be delivered on or about May 30, 2002, to the Authority pursuant to Loan Agreement.

Section 7. 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 8. The District hereby determines to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the District hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such money market accounts until further directed in writing by the District. Moneys in the Series 2002 Bond Sinking Fund and the Series 2002 Bond Reserve Account shall be invested by the Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 9. The District hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project. The District hereby approves the costs of issuance and authorizes the payment of the same.

Section 10. This Supplemental Resolution shall be effective immediately following adoption hereof.

Dated: May 28th, 2002

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

[SEAL

By: James L Stover
Chairman, Public Service Board

Brenda Hurt-Winters
Secretary, Public Service Board

CERTIFICATION

Certified as a true copy of the Supplemental Resolution adopted by the Public Service Board of the Southern Jackson County Public Service District on May 28th, 2002.

Dated: May 30, 2002.

[SEAL]

Brenda Hurt-Winters
Secretary, Public Service Board

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
May 8, 2002

MINUTES - SEWER

Present:	James Stover, Chairman	Others:	Bill Bragg,
	Jim Hutchinson, Vice Chairman		Goodwin & Goodwin
	Dale Mason, Member		Bill Cunningham,
	Dannie Raines, General Manager		Ghosh Engrs
	Brenda Winters, Secretary		
	Linda Parsons, Treasurer		

The Board of Commissioners of Southern Jackson County Public Service District held its regular meeting on Wednesday, May 8, 2002, at the District office. Chairman Stover called the meeting to order.

The minutes of April 10, 2002, and minutes of the special meeting held April 30, 2002, were read and approved.

COPY

The invoices presented for payment were reviewed and approved.

UNFINISHED BUSINESS -

Kenna-Grasslick Sewer Project: William (Bill) Bragg, Bond Counsel, Goodwin & Goodwin, presented and reviewed with Board members the *Bond Resolution for* ***Sewer Revenue Bond, Series 2002*** (West Virginia Infrastructure Fund) for the Kenna Sewer Project, as follows:

RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE PUBLIC SEWER SYSTEM OF SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, AND THE FINANCING OF A PORTION OF SUCH COSTS THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BOND, SERIES 2002 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BOND; AND AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BOND AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Motion by Jim Hutchinson, second by Dale Mason, to adopt the Bond Resolution, and the execution thereof by the designated District officials. Motion carried unanimously. (*Resolution* document is filed herewith as a part of these minutes).

Motion by Dale Mason, second by Jim Hutchinson, to approve the

adoption of true and correct *Rules of Procedure* of the Public Service Board of Southern Jackson County Public Service District as duly certified by signature of the Board's secretary effective May 8, 2002. (Original copy thereof included as a part of these minutes).

Documents were presented as required by Rural Utilities Service and duly approved as follows:

Motion by Dale Mason, second by Jim Hutchinson, to adopt and execute by designated officials RUS Form RD 442-2/Statement of Budget, Income and Equity for sewer. Motion carried unanimously.

Sewer Easement Update: Dannie Raines advised that nine easements on the project remain outstanding, with no more than three of the customers requiring condemnation proceeding.

Engineer Bill Cunningham furnished board members with a project cost summary in the amount of $4,388,924.00 and breakdown of funding source for said amount. Invoices relating to construction and other services for this wastewater project have been submitted for approval of first drawdown of funds.

Motion by Jim Hutchinson, second by Dale Mason, to approve invoices from Smith, Cochran & Hicks, P.L.L.C. ($2,626.00), Goodwin & Goodwin, L.L.P ($13,800.00), Ghosh Engineers, Inc. ($74,689.28), Attorney Robert D. Fisher ($2,400.00), and Southern Jackson County Public Service District (operating account) ($45,424.50), which invoices are to be presented at loan closing for first draw down of IJDC funds in the amount of $138,939.78. Motion carried unanimously.

Fairplain Sewer System: Infiltration repairs continue. I&I report was 32%. Dannie Raines reported DEP had suggested a type of "pool cleaning" for sludge at bottom if at 4 foot to help with ammonia nitrate control, but it was not felt that this action is warranted for the pond's sludge level at this time.

Proposed Kersey Extension: Awaiting construction of Kenna sewer project.

Ripley Baptist Temple: Awaiting a request for service.

Fairplain Sewer System: Infiltration repairs continue. I&I report was 32%. Dannie Raines reported DEP had suggested a type of "pool cleaning" for sludge at bottom if at 4 foot to help with ammonia nitrate control, but it was not felt that this action is warranted for the pond's sludge level at this time.

Proposed Kersey Extension: Awaiting construction of Kenna sewer project.

Ripley Baptist Temple: Awaiting a request for service.

NEW BUSINESS - None.

There being no further business, the meeting was adjourned. The next regular meeting will be held Wednesday, **June 12, 2002**, beginning at 7:00 p.m. at the District Office.

BOARD MEMBERS:

James Stover, P.E., Chairman

Jim Hutchinson, Vice Chairman

Dale Mason, Member

Secretary

Brenda Hurt-Winters
Brenda Hurt-Winters

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
Special Meeting
May 28, 2002

M I N U T E S - S E W E R

Present: James Stover, Chairman
Jim Hutchinson, Vice Chairman
Dannie Raines, General Manager

The Board of Commissioners of Southern Jackson County Public Service District held a special meeting on Tuesday, May 28, 2002, at the District office to consider and adopt a proposed *Supplemental Resolution* providing for the matters relating to the issuance of Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund), in the principal amount of $2,888,924.00, and including Loan Agreement provision of such funds for construction of sewer distribution facilities of the District.

Objective of the resolution is as follows:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT SEWER REVENUE BOND, SERIES 2002 (WEST VIRGINIA INFRASTRUCTURE FUND); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BOND TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; MAKING PROVISIONS FOR THE PAYMENT OF THE BOND; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

Motion by Jim Hutchinson, second by James Stover, to adopt the *Supplemental Resolution*, and the execution thereof by the designated District officials. Motion carried. (*Supplemental Resolution* document is filed herewith as a part of these minutes).

MINUTES - Sewer
Special Meeting
May 28, 2002

There being no further business, the special meeting was adjourned.

BOARD MEMBERS:

James Stover, P.E., Chairman

Jim Hutchinson, Vice Chairman

Dale Mason, Member

Secretary

Brenda Hurt-Winters

AFFIDAVIT OF PUBLICATION

Cost of Publication 66.62

State of West Virginia,
County of Jackson, to wit:

I, Micheal L. Ruben, being first sworn upon my oath, do depose and say that I am President of Ripley Newspaper, Inc., a corporation, and publisher of the newspaper entitled THE JACKSON HERALD, a Republican newspaper that I have been duly authorized by the board of directors of such corporation to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below: that such newspaper is regularly published once weekly on Wednesday for at least fifty weeks during the calendar year, in the Municipality of Ripley, Jackson County, West Virginia; that such newspaper is a newspaper of "general circulation" as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover per issue; that such newspaper is circulated to the general public at a definite price of consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed notice of _____

_____

was duly published in said newspaper once a week for successive weeks, commencing with the issue of the 24th day of April, 2002

and ending with the issue of the 24th day of April, 2002

and was posted at the _____ on the _____ day of

_____, 2002.

/s/ Micheal L Ruben

Micheal L. Ruben, Publisher
The Jackson Herald

Taken, subscribed and sworn to before me in my said county this 25th day of April, 2002

My Commission expires: **JUNE 27, 2011**

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TINA D. FRENCH
P. O. Box 55
Ripley, WV 25271
My Commission Expires June 27, 2011

/s/ Tina D French

Tina D. French
Notary Public of Jackson County, West Virginia

national origin in consideration for an award.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
Division of Highways
John J. Welch, Jr., Director
Program Administration
H-4-24-2tc

NOTICE TO RESIDENTS OF SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT AND OTHER PERSONS INTERESTED IN RESOLUTION FOR PROPOSED ISSUANCE OF $2,888,924 SEWER REVENUE BOND SERIES 2002

Pursuant to the provisions of West Virginia Code Chapter 6, Article 9A, Section 6, and in accordance with the provisions of West Virginia Code Chapter 16, Article 13A, as amended, y reby notified that a n. g of the Public Service Board (the "Board") of the southern Jackson County Public Service District (the "Public Service District") will be held on the 8th day of May, 2002, to consider for adoption a Resolution entitled "Resolution Authorizing the Acquisition, Construction and Equipping of Additions, Betterments and Improvements for the Public Sewer System of the Southern Jackson County Public Service District, and the Financing of the Acquisition, Construction and Equipping Cost Through the Issuance by the District, and the Financing of the Acquisition, Construction and Equipping Cost Through the Issuance by the District of $2,888,924 in Aggregate Principal Amount of Sewer Revenue Bond (West Virginia Infrastructure and Jobs Development Council), Series 2002, and the Acqui ion, Construction nd ping of the ubli ewer System Through Financing to be Obtained by the District at Cost Estimated to be 4,388,924; with Bond Proceeds to be used, along ith other funds and ionevs of, or available to, the Southern Jackson County Public Service District which may be lawfully expended for such purposes, to fund reserve accounts for such bond, and to pay other costs in connection therewith; providing for the rights and remedies of and security for the owners of such bond; approving and ratifying a loan agreement relating to such bond; pledging net revenues as security for bond; placing limitation of sale of system; and authorizing the sale and providing for the terms and provisions of such bond and adopting other provision relating thereto ("the resolution") to authorize the issuance of sewer revenue bond (West Virginia Infrastructure and Jobs Development Council), Series 2002 (the "Bond"), of the Public Service District in the amount of $2,888,924. The bond will provide a portion of the funds to finance the cost of the acquisition, construction and extension of betterments and improvements for the existing sewer system of the Public Service District including the construction of new lines and other 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 from operation of the sewer system of the Public Service District to be amortized over a period of 40 years. The resolution provides provisions with respect to the final interest rate which may be but cannot exceed 0% per annum which may be finally determined therein or by supplemental resolution.

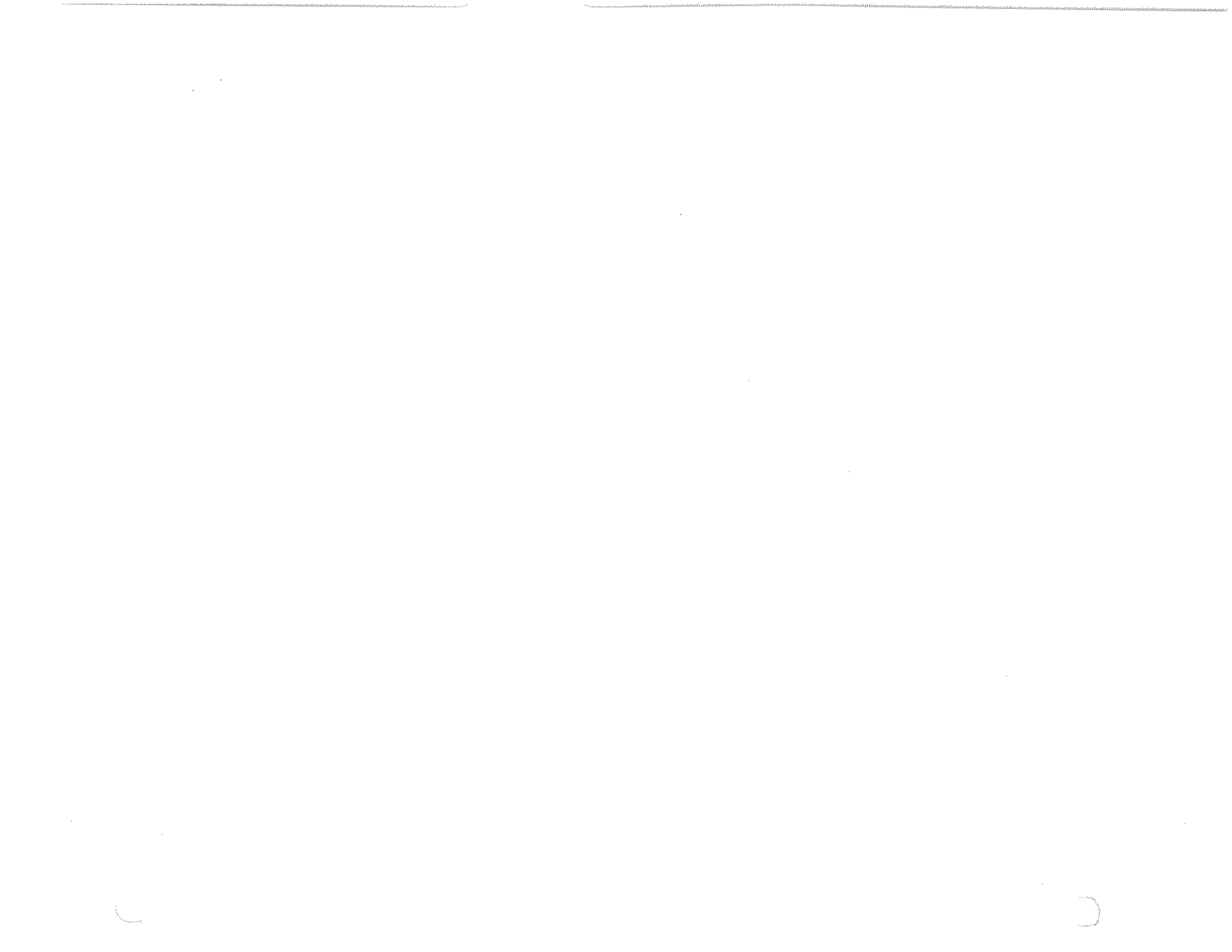
A copy of Resolution and a copy of the plans and specifications of the proposed project are available for examination by any interested person : the Public Service District's office during regular office hours of such office which are forn 9:00 a.m. to 4:00 p.m., Monday through Friday.

The meeting will be held at the Public Service District's office located 2 miles south of I-77 exit 132 on State Route 21 between Fairplain and Kenna, West Virginia, on the 8th day of May, 2002, at 7:00 p.m., and any person or persons interested may appear before the Board and be heard as to whether or not the resolution shall be put into effect. All suggestions, protests and objections to the issuance of the Bond will be heard by the Board.

Dated this 22nd day of April, 2002.

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
Jackson County, West Virginia
James L. Stover, Chairman
Patricia Hurt-Winter, Secretary
H-4-24-1tc

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
CHARLESTON
CASE NO. 02-0395-PSD-19A
EVANS PUBLIC SERVICE DISTRICT,
a public utility.
Rule 19A application to increase sewer rates and charges.



SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA INFRASTRUCTURE FUND)

GENERAL CERTIFICATE ON:

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

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Southern Jackson County Public Service District (the "Issuer") and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Southern Jackson County Public Service District, Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund), dated the date hereof (the "Bond" or the "Series 2002 Bond"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution duly adopted by the Issuer on May 8, 2002, and the Supplemental Resolution duly adopted by the Issuer on May 28, 2002 (collectively, the "Resolutions"), and the loan agreement for the Series 2002 Bond by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated May 30, 2002 (the "Loan Agreement").

2. NO LITIGATION: No controversy or litigation of any nature is now pending

or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the authorization, issuance, sale and delivery of the Bond, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bond; nor affecting the validity of the Bond or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer or the Board thereof to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Bond, the acquisition and construction of the Project, the operation of the System, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bond.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations, licenses, orders and certificates required by law for the creation and existence of the Issuer, the acquisition and construction of the Project, the operation of the System and the issuance of the Bond have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited by the Issuer in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect.

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

The Series 2002 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 met the parity and coverage requirements of the Prior Bonds and the Prior Resolutions and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the parity and coverage tests of the Prior Bonds have been met and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2002 Bond on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer that are secured by revenues or assets of the System.

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

Bond and to be attested by her manual signature; the Registrar did officially authenticate and deliver the Bond to a representative of the Authority as the original purchaser of the Bond under the Loan Agreement.

6. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the order of the Public Service Commission of West Virginia (the "PSC") entered on August 30, 2001, in Case No. 00-1829-PSD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the rates for the System and the financing for the Project. Such order remains in full force and effect.

The Issuer has duly published the required notice with respect to, among other things, the amount of the Bond to be issued, the interest rate and terms of the Bond, the Project to be acquired or constructed and the cost of the Project, the anticipated user rates and charges and the date that a formal application for a certificate of public convenience and necessity is to be filed with the PSC in accordance with Chapter 16, Article 13A, Section 25 of the Code of West Virginia, 1931, as amended.

7. RATES: The rates for the System, as approved by the PSC, will become effective when the Project is substantially complete.

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

Name	Date of Commencement of Office	Date of Termination of Office
James L. Stover	December 1, 1999	December 1, 2005
James Hutchinson	December 1, 2001	December 1, 2007
Dale K. Mason	March 17, 2001	December 1, 2003

The duly elected or appointed officers of the Board for 2002 are as follows:

James L. Stover	-	Chairman
Brenda Hurt-Winters	-	Secretary
Linda Parsons	-	Treasurer

The duly appointed and acting attorney for the Issuer is Robert D. Fisher, Esquire, of Ripley, West Virginia.

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

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

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

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

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

14. BOND PROCEEDS: On the date hereof, the Issuer received $138,940.00 from the Authority and the Council, being a portion of the principal amount of the Series 2002 Bond. The balance of the principal amount of the Series 2002 Bond will be advanced to the Issuer from time to time as acquisition and construction of the Project progresses.

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

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

17. GRANT: As of the date hereof, the Small Cities Block Grant in the amount of $1,500,000 is committed for the Project and is in full force and effect.

18. WETLANDS COVENANT: The Issuer hereby certifies that it will not use any proceeds of the Bond for a purpose that will contribute to excessive erosion of highly erodible lands or to the conversion of wetlands to produce an agricultural commodity.

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

WITNESS our signatures and the official corporate seal of Southern Jackson County Public Service District on this 30th day of May, 2002.

[SEAL]

Signature	Official Title
James L. Stover	Chairman
Brenda Hurt-Winters	Secretary
_____	Attorney

stock in any corporation, in any contract with the Issuer or the sale of any land, materials, supplies or services to the Issuer, or to any contractor supplying the Issuer, relating to the Bond, the Resolutions and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

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

17. GRANT: As of the date hereof, the Small Cities Block Grant in the amount of $1,500,000 is committed for the Project and is in full force and effect.

18. WETLANDS COVENANT: The Issuer hereby certifies that it will not use any proceeds of the Bond for a purpose that will contribute to excessive erosion of highly erodible lands or to the conversion of wetlands to produce an agricultural commodity.

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

WITNESS our signatures and the official corporate seal of Southern Jackson County Public Service District on this 30th day of May, 2002.

[SEAL]

Signature	Official Title
_____	Chairman
Brenda Hunt-Winters	Secretary
_____	Attorney

EXHIBIT A

See Specimen Bond (Tab No. 26)

$2,888,924
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA INFRASTRUSTURE FUND)

ENGINEER'S CERTIFICATE

I, Pulak Ghosh, Registered Professional Engineer, West Virginia License No. 7806, of Ghosh Engineers, Inc., Charleston, West Virginia, hereby certify that my firm is engineer for the acquisition and construction of certain improvements and extensions to the existing sewer system (the "Project") of Southern Jackson County Public Service District (the "District") to be constructed in Jackson County, West Virginia, which construction and acquisition are being financed in part by the above-captioned revenue bond of the District (the "Bond"). Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Resolution adopted by the Public Service Board of the District on May 8, 2002 (the "Resolution"), and the Loan Agreement by and between the District and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") dated May 30, 2002 (the "Loan Agreement").

The Bond is being issued for the purposes of (i) paying a portion of the costs of the Project and (ii) paying costs of issuance and related costs.

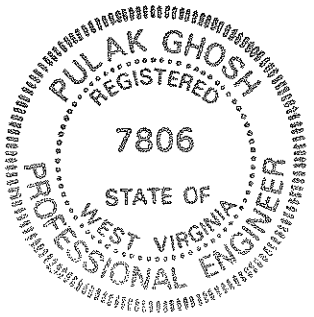
To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Council, and any change orders approved by the District, the Council and all necessary governmental bodies, (ii) the Project, as designed, is adequate for its intended purpose and will have a useful life of at least forty (40) years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear, (iii) the District has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto and my firm has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy, (iv) the successful bidders received any and all addenda to the original bid documents, (v) the bid documents reflect the Project as approved by the West Virginia Department of Environmental Protection and the Council and the bid forms provided to the bidders contain all critical operational components of the Project, (vi) the successful bids included prices for every item on such bid forms, (vii) the uniform bid procedures were followed, (viii) the District has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project and the operation of the System, (ix) in reliance upon the certificate of the District's certified public accountant, Smith, Cochran & Hicks, PLLC, as of the effective date thereof, the rates and charges for the System as approved by the PSC and adopted by the Public Service Board of the District are or will be sufficient to comply with the provisions of the Loan Agreement, (x) the net proceeds of the Bond, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are or will be sufficient to pay the costs of acquisition,

construction and equipping of the Project as set forth in Schedule B, and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature on this 30th day of May, 2002.

GHOSH ENGINEERS, INC.

By: _____
Pulak Ghosh, P.E.
West Virginia License No. 7806



WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

SCHEDULE B

Southern Jackson County PSD

Kenna Sewer Extension

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

A.	**Cost of Project**	Total	IJDC	HUD CDBG
1.	Construction			
	a. **Contract A**	$ 1,601,618.25	$ 1,601,618.25	$ -
	b. **Contract B**	$ 2,101,639.50	$ 630,639.50	$ 1,471,000.00
	c. **I & I Correction**	$ 55,000.00	$ 55,000.00	$ -
	d. **Power for P.S. & DOH Fees**	$ 27,000.00	$ 27,000.00	$ -
2.	Engineering Fees			
	a. Design	$ 74,689.28	$ 74,689.28	$ -
	b. Construction	$ 191,467.82	$ 191,467.82	$ -
3.	Legal			
	a. Land & Other	$ 25,000.00	$ 25,000.00	$ -
	b. PSC Filing	$ 15,000.00	$ 15,000.00	$ -
4.	a. Administration	$ 35,000.00	$ 10,000.00	$ 25,000.00
	b. HUD Assisted Tap Fees	$ 4,000.00	$ -	$ 4,000.00
5.	Sites and Other Lands	$ 45,000.00	$ 45,000.00	$ -
6.	Contingency	$ 191,709.15	$ 191,709.15	$ -
7.	Total of Lines 1 through 6	$ 4,367,124.00		
B.	**Source of Funds**			
8.	Local*	$ 1,500,000.00	$ -	$ -
9.	Net (Proceeds Required from Bond Issue (Line 7 minus Line 8)	$ 2,867,124.00		
C.	**Cost of Financing**			
10.	Other Costs	$ -	$ -	$ -
	a. Bond Counsel	$ 13,800.00	$ 13,800.00	$ -
	b. Accountant	$ 8,000.00	$ 8,000.00	$ -
11.	Total Cost of Financing (Lines 10, 10a and 10b)	$ 21,800.00		
12.	Size of Bond Issue (Line 9 plus Line 11)	$ 2,888,924.00	$ 2,888,924.00	$ 1,500,000.00

*Local funds are HUD CDB Grant Funds

Brenda Hart-Winters
Governmental Agency

DATE 5-30-02

Ghosh Engineers, Inc.
Consulting Engineer

DATE:5-10-02

SCH Smith, Cochran & Hicks, P.L.L.C.
Certified Public Accountants Beckley Bridgeport Charleston Montgomery
405 Capitol Street ● Suite 908 ● Charleston, West Virginia 25301 ● 304-345-1151 ● Fax 304-346-6731

$2,888,924
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA INFRASTRUCTURE FUND)

CERTIFIED PUBLIC ACCOUNTANT'S CERTIFICATE

I, Todd F. Dingess of Smith, Cochran & Hicks, P.L.L.C., a Certified Public Accountant, License No. 2295, Charleston, West Virginia, have reviewed the sewer service rates which have been adopted by the Southern Jackson County Public Service District (the "District"), pursuant to a Rate Resolution, and authorized by the Public Service Commission of West Virginia in a Final Order dated August 30, 2001. It is my opinion that such rates are adequate (i) to pay all operation and maintenance expenses 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, if any, on the Series 2002 Bonds and the Prior Bonds, as defined in the resolution authorizing the Series 2002 Bonds.

It is my further opinion that the Net Revenues for the fiscal year following the year in which the Series 2002 Bonds are to be issued will be at least 120% of the average annual debt service requirements on the Prior Bonds and the Series 2002 Bonds.

WITNESS my signature as of this 30th day of May, 2002.

Todd F. Dingess CPA

Certified Public Accountant

$2,888,924
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA INFRASTRUCTURE FUND)

CERTIFICATE OF SECRETARY AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

I, Brenda Hurt-Winters, the duly elected Secretary of the Southern Jackson County Public Service District (the "District"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of the $2,888,924 Southern Jackson County Public Service District, Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund) (the "Bond"), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the District and delivered in the transcript of proceedings, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Orders Creating and Contracting the District.

2. Orders Appointing Board Members.

3. Oaths of Office of the Chairman, Secretary and Members of the Public Service Board (the "Board").

4. Rules of Procedure.

5. Minutes of Current Year Organizational Meeting.

6. Bond Resolution and Supplemental Resolution (collectively, the "Resolutions") adopted on May 8, 2002 and May 28, 2002, respectively.

7. Minutes of the May 8, 2002 and May 28, 2002, meetings of the Board wherein the Resolutions were considered and approved.

8. Affidavit of publication of the abstract and notice of meeting on the Bond Resolution published in *The Jackson Herald.*

9. Recommended Decision of the Public Service Commission of West Virginia entered on August 30, 2001, in Case No. 00-1829-PSD-CN.

10. Commitment Letter from the West Virginia Infrastructure and Jobs Development Council dated August 4, 2000.

11. 1994 Bond Resolution.

12. RUS Consent to Issuance of Parity Bond.

13. NPDES Permit.

14. Evidence of Insurance.

15. SCBG Letter.

WITNESS my signature and the official seal of the Southern Jackson County Public Service District as of the 30th day of May, 2002.

(SEAL)

Brenda Hurt-Winters
Secretary

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA INFRASTRUCTURE FUND)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of the Southern Jackson County Public Service District in Jackson County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of the $2,888,924 Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund), of the Issuer, dated May 30, 2002 (the "Bond"), hereby certifies as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bond. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Resolution duly adopted by the Issuer on May 8, 2002 (the "Bond Resolution"), authorizing the Bond.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on May 30, 2002, the date on which the Bond is being physically delivered in exchange for $138,940, being a portion of the principal amount of the Bond, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Bond is issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bond which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") or the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bond are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Bond was sold on May 30, 2002, to the Authority, pursuant to a Loan Agreement dated May 30, 2002, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $2,888,924 (100% of par), at which time, the Issuer received $138,940.00 from the Authority and the Council, being a portion of the principal amount of the Bond. No accrued interest has been or will be paid on the Bond.

6. The Bond is being delivered simultaneously with the delivery of this certificate and is issued for the purposes of (i) paying a portion of the costs of acquisition, construction and equipping certain additions, betterments, improvements and extensions to the public sewer system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bond and related costs.

7. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bond for the construction of the Project, constituting a substantial binding commitment, or has already done so. The construction of the Project and the allocation of the net sale proceeds of the Bond to expenditures for costs of the Project shall commence immediately and shall proceed with due diligence to completion, and all of the proceeds from the sale of the Bond, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before March 2004. The construction of the Project is expected to be completed by December 2003.

8. The total cost of the Project is estimated at $4,388,924. Sources and uses of funds for the Project are as follows:

SOURCES	
SCBG Grant	$1,500,000
Bond	2,888,924
Total Sources	$4,388,924
USES	
Construction	$2,232,258
I & I Correction	55,000
Power for Pump Station & DOH Fees	27,000
Engineering Fees	266,157
Legal	25,000
PSC Filing	15,000
Administration	10,000
Site Acquisition	45,000
Construction Contingency	191,709
Costs of Issuance	21,800
Total Uses	$4,388,924

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

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Project Account;

(4) Series 2002 Bond Sinking Fund;

(5) Series 2002 Bond Reserve Account.

10. Pursuant to Article IV of the Bond Resolution, all of the proceeds of the Bond will be deposited in the Project Account and applied solely to payment of costs of the Project, including costs of issuance of the Bond and related costs, and for no other purpose.

Prior to expenditure, the proceeds of the Bond in the Project Account will be invested at a yield not to exceed the yield on the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

11. Moneys held in the Series 2002 Bond Sinking Fund will be used solely to pay principal of and interest, if any, on the Bond and will not be available to meet costs of construction of the Project.

12. The construction of the Project will proceed with due diligence to completion. The construction of the Project is expected to be completed within 18 months of the date hereof.

13. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

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

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

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

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

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

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

20. The Bond is not federally guaranteed.

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

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

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

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

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

WITNESS my signature as of this 30th day of May, 2002.

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

By: _____
Chairman

$2,888,924
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA INFRASTRUCTURE FUND)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 30th day of May, 2002, by and between SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision duly created under the laws of the State of West Virginia (the "Issuer"), and THE CITY NATIONAL BANK OF WEST VIRGINIA, at its office located in Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $2,888,924 aggregate principal amount of Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to a Resolution adopted by the Issuer and effective on May 8, 2002 (the "Resolution");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Resolution, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Resolution provides for the appointment by the Issuer of a Registrar for the Bonds; and

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

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

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of the Paying Agent and Registrar, all as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver the Notes upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Paying Agent and Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, reasonable compensation for services rendered and reimbursement for reasonable expenses incurred in connection therewith.

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

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Resolution will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon sixty (60) days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:	Southern Jackson County Public Service District Attention: Chairman P.O. Box 57 Kenna, WV 25248-0057
REGISTRAR:	The City National Bank of West Virginia Attention: Jody M. DeWees 3601 MacCorkle Ave., SE Charleston, WV 25304

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Resolution and instructions provided by the Issuer and the Purchaser thereof.

IN WITNESS WHEREOF, SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT and THE CITY NATIONAL BANK OF WEST VIRGINIA have caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day, month and year first above-written.

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

By: _____
Chairman

THE CITY NATIONAL BANK OF WEST VIRGINIA

By: _____
Assistant Vice President & Trust Officer

Exhibit A

See Resolution (Tab No. 7)

$2,888,924
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA INFRASTRUCTURE FUND)

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

The City National Bank of West Virginia, at its office located in Ripley, Jackson County, West Virginia, hereby accepts appointment as Depository Bank in connection with a Resolution of Southern Jackson County Public Service District (the "District") duly adopted by the Public Service Board of the District (the "Board") and effective on May 8, 2002 (the "Resolution"), authorizing issuance of Southern Jackson County Public Service District, Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund), dated May 30, 2002, in the aggregate principal amount of $2,888,924, and agrees to perform all duties of Depository Bank as set forth in the Resolution.

Witness my signature as of the 30th day of May, 2002.

THE CITY NATIONAL BANK OF WEST VIRGINIA

By: _____
Assistant Vice President & Trust Officer

$2,888,924
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA INFRASTRUCTURE FUND)

ACCEPTANCE OF DUTIES OF REGISTRAR

The City National Bank of West Virginia, at its office located in Charleston, Kanawha County, West Virginia, hereby accepts appointment as Registrar in connection with a Resolution of Southern Jackson County Public Service District (the "District") duly adopted by the Public Service Board of the District (the "Board") and effective on May 8, 2002 (the "Resolution"), authorizing issuance of Southern Jackson County Public Service District, Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund), dated May 30, 2002, in the aggregate principal amount of $2,888,924, and agrees to perform all duties of Registrar as set forth in the Resolution.

Witness my signature as of the 30th day of May, 2002.

THE CITY NATIONAL BANK OF WEST VIRGINIA

By: _____
Assistant Vice President & Trust Officer

$2,888,924
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA INFRASTRUCTURE FUND)

REQUEST AND AUTHORIZATION WITH RESPECT TO
AUTHENTICATION AND DELIVERY OF THE BONDS

May 30, 2002

The City National Bank of West Virginia
3601 MacCorkle Ave., SE
Charleston, WV 25304
Attention: Trust Department

Ladies and Gentlemen:

We herewith hand to you, duly executed, $2,888,924 in aggregate principal amount of Southern Jackson County Public Service District, Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund) (the "Bond"), issued by the Southern Jackson County Public Service District (the "Issuer"), authorized to be issued under and pursuant to the Bond Resolution adopted on May 8, 2002 (the "Bond Resolution"). Other defined terms herein shall have the meanings respectively given such terms in the Bond Resolution.

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

You are hereby requested and authorized to authenticate and deliver the Bond on behalf of the Issuer to the West Virginia Water Development Authority, acting on behalf of the West Virginia Infrastructure and Jobs Development Council, as the Purchaser of the Bond, upon payment to you of $138,940, being a portion of the purchase price of $2,888,924. The balance of the principal amount of the Bond will be advanced to the Issuer as construction of the Project progresses.

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

By: _____
Chairman

$2,888,924
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA INFRASTRUCTURE FUND)

CERTIFICATE OF REGISTRATION OF BOND

I, Jody M. DeWees, as Assistant Vice President & Trust Officer, of The City National Bank of West Virginia, Charleston, West Virginia, as Registrar (the "Registrar"), under a Registrar's Agreement between the Registrar and the Southern Jackson County Public Service District (the "District") dated as of the date hereof, hereby certify that on the 30th day of May, 2002, the Bond of the District in the principal amount of $2,888,924 designated "Southern Jackson County Public Service District, Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund)", and numbered R-1, dated as of the date hereof, was registered as to principal only in the name of "West Virginia Water Development Authority" on the books of the Registrar kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature as of the 30th day of May, 2002.

THE CITY NATIONAL BANK OF WEST VIRGINIA,
as Registrar

By: Jody M. DeWees
Assistant Vice President & Trust Officer

Public Service Commission
of W. Va. Tariff Office

JUN 26 2000

Special Studies Section

P.S.C. W. Va. No. 3
Canceling P.S.C. W. Va. No. 2

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

OF

KENNA, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING SEWERAGE AND SEWAGE DISPOSAL SERVICE

at Jackson County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued June 14, 2000

Effective June 13, 2000
or as otherwise provided herein

Issued by authority of orders of
The Public Service Commission of
West Virginia in Case No. 97-1423-PSD-T
dated April 5, 2000 and June 13, 2000 or
as otherwise provided herein

RECEIVED

JUN 26 2000

Public Service Commission of WV
Utilities Division
Special Studies Section

Issued by Southern Jackson County Public Service District

By [signature]

GENERAL MANAGER
Title

6/14/00 T:\TARIFFS\SEWER\Southern Jackson #3.wpd

SOUTHERN JACKSON COUNTY
PUBLIC SERVICE DISTRICT (Sewer)

P.S.C. W.Va. Tariff No. 3
Original Page No. 1

RULES AND REGULATIONS

I. Rules and Regulations for the Government of Sewerage Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

APPLICABILITY

Applicable to all of the District and where extended

AVAILABILITY

Available for general domestic, commercial and industrial sewer service

(R) METERED RATES

Per thousand gallons used per month $6.00

(R) MINIMUM CHARGE

No bill will be rendered for less than 3.5 M gallons used ($21.00)

(A,C) UNMETERED/UNMEASURED RATE

$27.00

In the event the water supply is unmetered or otherwise unmeasurable by the PSD, the unmetered rate shall be charged.

(Based on 4,500 gallons per month)

CONNECTION CHARGE

(C) RESIDENTIAL CONNECTION POLICY

Customers to furnish all labor, materials and equipment necessary to construct the service connection, including the required septic tank; District to install wye and tee connections to the sewer main.

COMMERCIAL CUSTOMERS - Actual Cost

RECONNECTION CHARGE

$20.00 - to apply to all users in the event of any reconnection of service where water service was disconnected for nonpayment of sewer bills, or for any other reconnection where customer has failed to pay current sewer charges.

(N) DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full within twenty (20) days, ten percent (10%) will be added to the net amount shown. This amount is not interest and is to only be collected once where appropriate.

(R) Indicates reduction
(A) Indicates increase
(C) Indicates change
(N) Indicates new

(N) RETURNED CHECK CHARGE

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

(N) INCREMENTAL COST

$1.91
Rate per 1,000 gallons (to be used to bill customer leaks beyond historical average usage).

(N) Indicates new

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE ROOF DRAINS ARE CONNECTED TO THE DISTRICT'S SANITARY SEWER SYSTEM

APPLICABILITY

Wherever the District has discovered that a customer's roof drain, downspout, storm sewer, or other similar facilities conducting surface water have been connected to the District's sewer system, and such customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the District, in accordance with the Rules and Regulations of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S - The surcharge in dollars

A - The area under roof, yard or pavement drained, in square feet

R - The measured monthly rainfall, in inches

.0006233 - A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water

C - the District's approved rate per thousand gallons of wastewater treated

The District shall not impose the surcharge unless, and until, the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

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PUBLIC SERVICE COMMISSION

OF WEST VIRGINIA

CHARLESTON

Entered: August 30, 2001

CASE NO. 00-1829-PSD-CN

SOUTHERN JACKSON COUNTY
PUBLIC SERVICE DISTRICT, a public utility,
Application for a certificate of convenience and necessity to construct an extension to its existing sewer system to provide service to the Grasslick and Kenna areas of Jackson County.

RECOMMENDED DECISION

PROCEDURE

On February 1, 2001, the Southern Jackson County Public Service District (District), a public utility, Jackson County, filed an application with the Public Service Commission, pursuant to *West Virginia Code* §24-2-11, for a certificate of public convenience and necessity to extend its existing sewer system to serve the Grasslick and Kenna areas of Jackson County.

On February 2, 2001, the Commission directed that the District publish the Notice of Filing, once, in a newspaper duly qualified by the Secretary of State, published and generally circulated in Jackson County. The Notice of Filing provided that, if no one protested the proposed project within thirty days, the Commission may waive formal hearing and grant the certificate based upon its review of the evidence submitted with the application. On March 6, 2001, the District filed a publication affidavit indicating that it has complied with the notice requirement by publishing the Notice of Filing on February 7, 2001, in *The Jackson Herald*, a newspaper published and generally circulated in Jackson County. Numerous protests to the application have been filed with the Commission.

On February 13, 2001, the Commission entered the Commission Referral Order in this proceeding, referring this matter to the Division of Administrative Law Judges (ALJ Division) for decision on or before August 30, 2001.

On February 27, 2001, Staff Attorney Meyishi Blair, Esquire, filed the Initial Joint Staff Memorandum, attaching the February 22, 2001 Initial Internal Memorandum from Senior Utilities Analyst Robert M. Hubbard, Water and Wastewater Division, and from Technical Analyst James

Spurlock, Engineering Division, indicating that, once Commission Staff had fully investigated this matter, it would submit a staff recommendation.

Responding to all of the above, on March 15, 2001, the Administrative Law Judge (ALJ) issued a Procedural Order establishing a procedural schedule to process and resolve this matter, including a June 13, 2001 hearing date.

On March 21, 2001, Cleo C. McGraw submitted a letter, dated March 20, 2001, requesting that the Commission grant him Intervenor status in this matter.

On April 11, 2001, Lionel D. Jones, Jr., submitted a letter requesting that the Commission grant him Intervenor status on behalf of himself and his neighbors. Responding thereto, on April 19, 2001, the ALJ issued a Procedural Order granting Intervenor status to Mr. Jones. Also, on April 23, 2001, the ALJ granted Intervenor status to Mr. McGraw.

On June 13, 2001, the ALJ convened the hearing as scheduled. The District appeared by counsel, James V. Kelsh, Esquire, and Robert R. Rodecker, Esquire. Commission Staff appeared by counsel, Staff Attorney Meyishi Blair, Esquire. The Intervenors, William Boggess and Lionel D. Jones, Jr., appeared in person, *pro se*. Several Protestants appeared in person, *pro se*.

The District presented the testimony of seven witnesses and presented 20 exhibits. Commission Staff presented the testimony of two witnesses and presented one exhibit. The two Intervenors presented their own testimony and presented 8 exhibits. Two of the Protestants presented their own testimony.

After the hearing, the parties availed themselves of the opportunity under *West Virginia Code* §24-1-9(b) to submit proposed findings of fact and conclusions of law, proposed orders, briefs and replies, all of which the ALJ considered prior to rendering this written Recommended Decision.

On August 14, 2001, the District filed a modification to its National Pollution Discharge Elimination System (NPDES) permit dated August 8, 2001.

EVIDENCE

The District presented a publication affidavit indicating that it had published the Notice of Hearing on May 16 and 23, 2001, in *The Jackson Herald*, a newspaper published and generally circulated in Jackson County, which the ALJ received into evidence as District Exhibit No. 1. (District Exhibit No. 1).

The first witness who testified was James Stover, P.E., the District's Chairman. He identified his prepared direct testimony, which the ALJ received into evidence as District Exhibit No. 2. Mr. Stover, who became a professional engineer in 1974, has served on the District's Board for 15 years. The District operates a wastewater treatment plant near Fairplain. All of the District's customers have septic tanks which are connected to the District's collection system. Though the Commission approved this type of treatment system for the District in Case No. 90-075-PSD-CN, Commission Order entered February 14, 1992, the District did not complete construction of and begin operating the system until May 1995. The system has experienced no serious problems. The proposed project will utilize the same type of operation, i.e., each customer will be required to have a septic tank. The District, at its own expense, will pump solid residues from the customers' septic tanks. The District has been planning the proposed project to serve the Kenna, Grasslick and Bush Hollow areas for several years. The proposed project will be financed with a $1,500,000 Small Cities Block Grant (SCB Grant) and a $2,888,924 West Virginia Infrastructure and Jobs Development Council (IC) loan. (Tr., pp. 24-26, 29; District Exhibit No. 2, pp. 1-4).

Mr. Stover is not the project engineer for the project. However, since he is familiar with the District's current operations and the details of the proposed project, he testified instead of Paul Ghosh, P.E., the project engineer, because Mr. Ghosh was not available on the hearing date. Mr. Stover has reviewed Mr. Ghosh's design and is knowledgeable about the project. (Tr., pp. 26-27).

Mr. Stover explained that, originally, the District planned to include Bush Hollow in the project. Now, due to an IC ruling and because the District did not conduct an income survey covering the residents of Bush Hollow, the District cannot include Bush Hollow in the base bid. However, it may still be included in the project as an additive alternate if the bid comes in low enough. (Tr., pp. 27-28).

Mr. Stover estimated that approximately 20% of his 31-year career as a professional engineer had been devoted to wastewater collection and treatment design. He explained that, although he has not examined the specifications for the proposed project, he has studied the plans. He believes that the plans are adequate and that the project, if built according to the plans, will perform as designed. (Tr., pp. 28-30). Mr. Stover, acknowledging that many people have protested the project on the basis that the District should provide public water service prior to providing public sewer service, explained that all of the proposed customers to be served by the project already have public water service. The District plans to extend public water service to as many people as possible, and it has the same plans for public sewer service. Anyone who does not have public water service in the proposed operation area for the sewer project has chosen not to connect to the District's water lines. (Tr., pp. 30-31).

Mr. Stover explained the use of septic tanks in the proposed collection system by indicating that the sewer system will eliminate the customers' existing soil absorption field and will treat the effluent from the septic tanks. The District chose this alternative type of sewer system because special funding was available in the 1980s, i.e., the United States Environmental Protection Agency (EPA) would finance 85% of a project's cost under the variant gradient alternative, but would

finance only 75% under a regular gravity flow system. By removing the solids before the effluent empties into the District's lines, the District can utilize smaller collection lines. (Tr., pp. 31-34). The District has not filed a rate case, as directed by the Commission in Case No. 97-1423-PSD-42T, after operating for one year under those rates. (Tr., pp. 34-35).

Mr. Stover opined that the problem with septic tanks with absorption fields is with the absorption fields. Commonly, after absorption fields operate for a while, the effluent begins to rise to the top of the ground, creating a health hazard. Under the District's system, the solids are removed periodically and the effluent is taken away immediately with the collection system, thereby eliminating the possibility of a health hazard. Though the customers still will have a septic tank, the District's collection system will replace the individual field absorption systems. The District's proposal is better for the public than what exists now. The proposed project will be more sanitary for the public, and the customers will have greater use of their land, since the field absorption systems will be eliminated. (Tr., pp. 35-36).

Mr. Stover explained that the District's existing system and the proposed project include lift stations, since the sewage will not flow by gravity to the treatment plant from all locations. He acknowledged that, since they are mechanical, lift stations can fail. He indicated that proposed Lift Station Number 5 would serve between 150 and 200 customers, including two or three businesses and a school. Should the lift station fail completely, depending upon the time of day, it would take several hours to overflow. However, this will be a new lift station, with a backup pump, and should not fail for several years. (Tr., pp. 36-48). The proposed collection line runs along primarily agricultural land and is located in a flood plain. The District would be responsible for any cleanup should the system fail and overflow. (Tr., pp. 48-50).

Mr. Stover, acknowledging that the project will cost about $4,300,000, explained why it would not be feasible to install individual package sewer treatment plants for each resident. Though the initial capital outlay might be less, he believes that no real savings would be realized. The effluent still would have to be treated. The District could not obtain financing for individual package treatment plants. The District probably could not obtain permits for individual package sewer treatment plants. (Tr., pp. 50-53).

Mr. Stover clarified that the proposed system is an extension of the District's existing system. The proposed system is designed to operate in a similar fashion as the existing system. The West Virginia Division of Environmental Protection (DEP) has granted the District a permit for the proposed project. (Tr., pp. 53-55).

Responding to the proposal of William Boggess, one of the Intervenors, who suggested that the District should construct separate package sewer treatment plants for each of the proposed 300 customers, Mr. Stover explained that the lift station problems experienced by Sissonville Public Service District on its pure gravity flow system would not exist with the type of system that the Southern Jackson Public Service District proposes. The proposed system, utilizing the individual septic tanks, will transport chiefly liquid effluent. The solids will be pumped from the septic tanks

periodically. The proposed system does not have manholes located every two or three hundred feet, as in pure gravity flow systems, which eliminates a great potential source of inflow and infiltration. Also, since the Sissonville system is old, it probably utilizes clay pipes, which have contributed to the problems with the overflow of the lift stations. Currently, the District's system operates four lift stations, and it has experienced zero problems with them. In order to implement the individual package treatment plan proposal, the District would have to obtain a separate NPDES permit for each plant. The expenses of operating and maintaining that many package plants would be tremendous. The effluent from those package plants still would have to be treated. Individual electric service would have to be established for each plant. Each such plant would have to be monitored daily. The District would have to obtain an easement for each plant. From an engineering standpoint and from a practical implementation point of view, such a proposal is just not feasible. The proposed system best meets the needs of the proposed service area. (Tr., pp. 186-190).

Next, Dannie Raines, the District's General Manager, testified on behalf of the District. He identified his prepared direct testimony, which the ALJ received into evidence as District Exhibit No. 3. He has served in this capacity for six years. The proposed total cost for the project is about $4,388,924. It will be financed with a $1,500,000 SCB Grant and a $2,888,924 IC loan, bearing no interest and repayable over a 40-year period. He reasoned that, since competition for IC funds is acute, the fact that the IC has chosen to fund the proposed project indicates that it is a meritorious project. Though he does not believe that interim financing will be required, the District seeks approval of interim financing should an unforeseen contingency arise. The project will cause the District's rates to increase by about 12.3%. (Tr., pp. 55-56; District Exhibit No. 3, pp. 1-3). The District will charge $150 per tap up to the time that the new system begins operating. He estimates that the District will replace about 90% of the existing septic tanks. It will cost about $2,800 to replace a septic tank and connect it to the District's line. After the system is operational, the District is seeking approval to require any new customers to pay the actual cost of connecting to the system, including installing a septic tank. The Commission has approved this arrangement for the District's existing system, and the District has enjoyed a financially stable operation. Only people building new homes or businesses are affected by this policy, i.e., all existing homes and businesses can connect to the system by paying only the $150 tap fee. (District Exhibit No. 3, pp. 3-5).

Mr. Raines testified that the District has obtained an NPDES permit for the proposed project. The District plans to use electricity from approximately seven to ten customers' homes to power pump stations, which would be cheaper than obtaining a separate power line from the electric company. The District would grant the affected customers a $3 per month credit for providing this service. (District Exhibit No. 3, pp. 5-6). The District intends to obtain 15-foot easements by paying the affected landowners $1 for the easements. The District will exercise its right of eminent domain should any land owner not wish to grant the easement. The District will impose a minimum charge on any residence that chooses not to connect to the system. (District Exhibit No. 3, pp. 6-8). Mr. Raines owns undeveloped property and an existing residence that might benefit from the project. However, the line serving Mr. Raines' property will serve about 70 other residences and has a higher customer density than the project as a whole. The entire project includes installing about 10.76 miles of line to serve 289 new customers. (District Exhibit No. 3, pp. 8-10).

Mr. Raines identified NPDES Permit No. WV0084468, issued by the DEP on May 21, 1999, which the ALJ received into evidence as District Exhibit No. 4, as the permit for the proposed project. (Tr., pp. 56-57; District Exhibit No. 4). He also identified a letter, modifying NPDES Permit

No. WV0084468, which addressed some specific problems with the proposed project, which the ALJ received into evidence as District Exhibit No. 5. (Tr., p. 57; District Exhibit No. 5). He identified a letter of credit, dated September 8, 2000, from City National Bank, which the ALJ received into evidence as District Exhibit No. 6, as the basis for the District's proposed interim financing should it be needed. The credit line is for an amount up to $400,000, bearing an interest rate of 11.25%, for a one-year term. (Tr., pp. 57-59; District Exhibit No. 6).

Mr. Raines also indicated that the Bush Hollow area would not be served unless the District had surplus funds or could obtain some additional financing. He identified a pamphlet that the District has made available to its customers, Prospective Customer Information Booklet, which the ALJ received into evidence as District Exhibit No. 7. He noted that the information in the Booklet needed to be corrected to explain the Bush Hollow part of the proposed project. (Tr., pp. 59-60; District Exhibit No. 7). He identified a May 18, 2001 letter from the West Virginia Development Office relating some concerns about the Booklet, which the ALJ received into evidence as District Exhibit No. 8, and the June 6, 2001 reply to that letter from the Jackson County Commission, which the ALJ received into evidence as District Exhibit No. 9. (Tr., pp. 60-61; District Exhibit Nos. 8 and 9).

Mr. Raines indicated that the District is aware that some of the customers may be entitled to a waiver or a reimbursement of tap fees if they qualify under a program sponsored by the United States Department of Housing and Urban Development (HUD). The District will inform its prospective customers of this program and the general eligibility guidelines. He identified a letter that the District will use for that purpose, which the ALJ received into evidence as District Exhibit No. 10. (Tr., pp. 61-62; District Exhibit No. 10). He identified a publication affidavit indicating that the District had published the Notice of Filing on May 30 and June 6, 2001, in *The Jackson Herald*, a newspaper published and generally circulated in Jackson County, which the ALJ received into evidence as District Exhibit No. 11. (Tr., p. 62-63; District Exhibit No. 11).

Mr. Raines identified a document from the Mid-Ohio Valley Regional Council, which the ALJ received into evidence as District Exhibit No. 12, assisting the customers applying for a waiver or reimbursement from HUD of the tap fee. (Tr., p. 63; District Exhibit No. 12). Mr. Raines does not believe that the District will have to obtain any easements that have a greater value than $2,500. He understands that the District does not have to appraise land valued at less than $2,500, before obtaining an easement. He identified a May 24, 2001 letter from the District's counsel to the West Virginia Development Office detailing the applicable law pertaining to whether the District has to appraise land to be acquired for easements. Although he does not believe that any of the landowners are entitled to an appraisal, he identified a waiver form that the District has been using to obtain waivers from this requirement, which the ALJ received into evidence as District Exhibit No. 14. He indicated that, if a landowner presented him with information indicating that the value of the land needed for an easement exceeded $2,500, the District would obtain an appraisal at that time. (Tr., pp. 63-65; District Exhibit Nos. 13 and 14).

Mr. Raines clarified that the IC has informed the District that it would not need interim financing. This is not just Mr. Raines' opinion. However, the District has a commitment for interim financing should it become necessary. If any of the funds have been committed for interim financing, and if such money is not needed for that item, the District will use that and any other excess funding to extend sewer lines to serve more customers. The District has not yet let this project out for bidding. (Tr., pp. 65-68).

Mr. Raines, referring to District Exhibit No. 7, the document that the District distributed to its customers to answer frequently asked questions about the proposed project, pointed out that this document indicates that the tap fee would be $150, and, if the customer had not paid this amount by June 15, 2001, the District would contact the customer. He indicated that this June 15, 2001 date would be extended, since the project is not yet approved. The District's goal is to receive all of the tap fees by the time it begins construction. This $150 tap fee is the amount that will apply to all existing

customers or existing households. The District will continue to accept this $150 tap fee amount through construction. It is the intention of the District to charge the alternate tap fee, i.e., the actual cost of connecting to the system, only to customers who connect to the system after construction. In particular, the District intends to collect this alternate tap fee only from residents and businesses that do not exist in the service area at this time, i.e., the District intends to charge the alternate tap fee only to owners of structures built after the system begins operating. The District will work with any existing customer, i.e., persons with existing residences and businesses, to arrange monthly payments of the $150 tap fee or other such relief. The District does not intend to work any hardship on any of the existing households in the area. However, in order to operate without a deficit, the District will charge all newly constructed structures the alternate tap fee. (Tr., pp. 101- 106; District Exhibit No. 7).

Mr. Raines indicated that approximately ten property owners had contacted him about the location of the proposed sewer line. The District is negotiating with these people individually. Where it does not compromise the integrity of the proposed line or add unduly burdensome costs, the District is willing to make minor line relocations to accommodate these affected property owners. (Tr., pp. 106-107). Responding to the idea presented by one of the Intervenors, Mr. Boggess, the District has not considered the idea of building individual package sewer treatment plants. Individual package treatment plants would be impractical for several reasons, including the fact that sewage effluent from those plants would empty into small streams, which would not meet DEP requirements. He does not believe that any public financing would be available for constructing individual package plants. (Tr., pp. 107-108, 112). Approximately 200 of the 300 potential existing customers have signed user agreements already. (Tr, pp. 108-112).

The next witness who testified on behalf of the District was William Cunningham of Ghosh Engineers, the project manager. He is not a professional engineer. He has reviewed the prepared direct testimony of Paul Ghosh, which the ALJ received into evidence as District Exhibit No. 15.

Other than for the professional qualifications, he adopted the prepared testimony of Mr. Ghosh as his own. According to District Exhibit No. 15, the area to be served by the project is not suitable for septic tanks with soil absorption systems due to the high clay content of the soil, which does not absorb wastewater effluent very well. This creates health hazards. The central collection system of the proposed system utilizes septic tanks to collect sewage from the customers. This sewage then will be collected by the District's lines and transported to strategically-located lift stations, from where it will then be transported to the treatment facility. The septic tanks will be owned, operated and maintained by the District. The District will remove the sludge from the septic tanks periodically. Some of the facilities are located in the 25-year flood plain, but will operate without problems. The system does not have to be designed to be located out of the 100-year flood plain. (Tr., pp. 70-72; District Exhibit No. 15, pp. 1-3).

Mr. Cunningham detailed how a field absorption system works. Most of the individuals to be served by the proposed project have such systems. In order for them to work properly, the soil must be suitable. Though some of the soil in the area is suitable, even that soil becomes saturated after several years, causing these leachate absorption fields to not work properly. These fields take a large piece of land that cannot be used for any other purpose. With the elimination of these absorption fields, the project will enable the customers to use their land for other purposes in the future. (Tr., pp. 72-76).

The next witness who testified on behalf of the District was Annjeanette Vealey, CPA, a senior staff accountant with the accounting firm of Smith, Cochran & Hicks, who prepared the District's Rule 42 Exhibit for this project, which the ALJ received into evidence as District Exhibit No. 17. She identified her prepared direct testimony, which the ALJ received into evidence as District Exhibit No. 16. She opined that the District requires a 12.3% across-the-board rate hike in order to implement the proposed project. The District's existing rates are $6.00 per 1,000 gallons usage; a $21 per month minimum bill, based on 3,500 gallons usage; and an unmetered rate of $27 per month, based on 4,500 gallons average usage. She recommended that the metered rate increase to $6.74 per 1,000 gallons

usage; that the minimum bill for residential customers increase to $23.59 per month; and that the average monthly bill, based on 4,500 gallons usage, increase to $30.33 per month. She corrected a couple of typographical errors in District Exhibit No. 17. (Tr., pp. 77-80; District Exhibit Nos. 16 and District Exhibit No. 17).

Ms. Vealey included a line item of $25,000 for interim financing. She opined that, since the project had not been let out for bids and all contingencies are not now known, that item should not be adjusted at this time. She acknowledged that, if the $25,000 is not needed for interim financing, it could be used for long-term debt service payments. (Tr., pp. 81-83).

Next, Michael Mills, a DEP employee who worked in Jackson County for almost three years but recently transferred to an assignment that does not include Jackson County, testified on behalf of the District. He identified his prepared direct testimony, which the ALJ received into evidence as District Exhibit No. 18. Soils in the Jackson County area are tight, which results in slow percolation tests. These types of soil are not suited for septic tank systems with leachate fields.

Extending the District's public sewer system to the Grasslick and Kenna areas will greatly improve the quality of the watershed. The project will enhance public health by decreasing the potential for releasing pathogenic bacteria into the environment. (Tr., pp. 83-87; District Exhibit No. 18, pp.1-2).

Paul Saunders, who has worked for the Jackson County Health Department as a sanitarian for 32 years, testified on the District's behalf. He identified his prepared direct testimony, which the ALJ received into evidence as District Exhibit No. 19. All of the households in the proposed service area have septic tank systems with leachate fields. Septic tank systems commonly fail in this area because the soil is tight red clay. The situation presents a health hazard. The project would significantly improve the public health of the affected area. (Tr., pp. 87-88; District Exhibit No. 19, pp. 1-2).

Mr. Saunders opined that aeration package treatment systems work better than septic tanks and leachate fields alone. However, these plants also utilize a leachate field and the same soil absorption problems exist, though not to the same degree as with septic tanks. A package treatment plant with a chlorinator works better. If package plants are not operated by a professional operator, many problems generally occur. He opined that a central collection system, as proposed by the District, is the best solution for dealing with sewage in the area. (Tr., pp. 88-90). He acknowledged that, occasionally, public sewer systems also incur problems. However, a centralized system is much better than individual systems. Should a public sewer line break, precautions should be taken to keep people and livestock away from the spill until the line is repaired and the sewage either is cleaned up or is naturally washed into the soil, which would take about a month, depending upon the amount of rainfall. (Tr., pp. 90-94).

The final witness who testified on behalf of the District was Terry Clendenin, who owns and operates Clendenin Excavating and Trucking, which installs septic tanks and leachate field systems. He identified his prepared direct testimony, which the ALJ received into evidence as District Exhibit No. 20. He estimated that about 90% of the private sewer systems that he has installed in Jackson County no longer function properly, including about 60 such systems in the proposed service area. Many homeowners have bypassed these systems and are diverting leachate directly into streams. The red clay works a real hardship against individual septic systems. He believes that package treatment plants are better than septic tank systems. However, he believes that getting rid of all of the individual leachate fields, as the District's system would do, would be a better situation for Jackson County. He clarified that he did not come to the hearing to support the proposed project; rather, he just came to provide information about the existing septic tank systems in the area, which are in poor operating condition. (Tr., pp. 94-100; District Exhibit No. 20).

The first witness who testified on behalf of Commission Staff was Technical Analyst James Spurlock. He identified the June 4, 2001 Final Internal Memorandum which he and Financial Analyst James Boggess prepared, which the ALJ received into evidence as Staff Exhibit No. 1. The project is

comprised of 28,272 feet of 8-inch line, 15,310 feet of 6-inch line and 13,236 feet of 2-inch line. The project also will include three 5,000-gallon septic tanks to serve two commercial customers and one subdivision, 256 residential septic tanks and three pump stations. The project will add

approximately 290 new customers, which is the approximate number of existing customers. The project will eliminate several package sewer treatment plants and leachate absorption fields. However, the project will utilize existing septic tanks on properties where those tanks meet inspection guidelines and will replace septic tanks where needed. The District's lines will be used to collect the effluent from the septic tanks and transport it to the District's treatment plant. The District is awaiting approval of a modified NPDES permit from the DEP. The DEP has indicated informally that approval was forthcoming. Commission Staff has some concern about the public notice regarding the tap fee. (Tr., pp. 114-116; Staff Exhibit No. 1). The District has estimated that the project would cost $4,388,924, with about 1/3 of that amount, or $1,500,000, funded with an SCB grant and the remaining amount to be funded with an interest-free IC loan in amount not to exceed $2,888,924, repayable over a 40-year term. The IC loan has been amortized for a period of 38 years for an annual payment of $76,024, with the first payment due during the first quarter after the District completes construction. The project will also require a 10% debt service reserve and a 2.5% replacement reserve. The District also has interest-free advance funding from the IC amounting to $122,933, which would be amortized over the full 40 years of the term, resulting in an annual debt service requirement of $3,093 for this loan. This debt service requirement has been reflected at going-level, since the Commission already has approved that borrowing in Case No. 97- 0931-PSD-PC. The project will increase the District's revenue requirement by approximately $35,790, or 12.3%, which will increase rates by $0.74 per 1,000 gallons, or by about $3 per month for an average residential customer. (Staff Exhibit No. 1See FootNote [1]).

Mr. Spurlock noted that he wished to correct Staff Exhibit No. 1 by emphasizing that Commission Staff no longer is recommending approval of the tap fee for future customers, i.e., that future customers would pay the actual cost of connection rather than the $150 that existing customers would pay, because Commission Staff believes that the public notice was not sufficient. Mr. Spurlock was not familiar with the District's history of having that type of tap fee. Commission Staff did not object to the public notice when it was made and did not object to the proposed tap fee until it did so at the hearing. He understands what the District has agreed to do, i.e., permit all owners of existing structures to be served by the project to pay only the $150 tap fee. He could not identify to whom additional notice would need to be given. Though he could not suggest alternative language to the Notice of Filing that would better explain which customers would pay which tap fee, he believes that this matter should be further investigated. (Tr., pp. 116-125).

The other witness who testified on behalf of Commission Staff, Utility Financial Analyst James Boggess, acknowledged that he helped prepare Staff Exhibit No. 1. Mr. Boggess supports the change in tap fees, as first recommended by Mr. Spurlock in his testimony. Mr. Boggess did not know the history of the alternative or experimental tap fee that the District has for its existing system. (Tr., pp. 125-128). Mr. Boggess contends that the $25,000 for interim financing would not be needed, since the IC has indicated that interim financing will not be needed. He suggested that this money be used to fund reserves. He clarified that he was recommending that the District deposit the

additional $25,000 in the reserve accounts, to pre-fund those accounts, only if such surplus actually emerges. He acknowledged that unforeseen contingencies could use up that $25,000 earmarked for interim financing. (Tr., pp. 128-135). Mr. Boggess understands that the $150 tap fee does not cover very much of the actual cost of connection, which generally would be in excess of $2,000 per customer. (Tr., pp. 135-140).

One of the Intervenors, Lionel Jones, testified on his own behalf. He read into the record a prepared statement. He was concerned about the District's plans to acquire land for rights-of-way and easements on which to construct the proposed system. He believes that the District is not offering a reasonable amount of compensation for taking such lands. He believes that the District is violating

individuals' property rights. He believes that the precise location of such rights-of-way should be described in the document that creates the easement. (Tr., pp. 141-162).

The other Intervenor, William Boggess, testified on his behalf. Mr. Boggess owns a supermarket at Sissonville that has a lift station located on adjacent land. That lift station, though not on the District's system, constantly fails and overflows, creating a health hazard and a constant problem with foul odors. Since he believes that this is the inherent nature of lift stations, he does not believe that the District should be permitted to construct any, especially on or near his property. He presented eight photographs of the lift station at Sissonville near his business to demonstrate the problems with lift stations, which the ALJ received into evidence as Boggess Exhibit Nos. 1 through 8. He does not believe that the DEP would provide any relief for him with regard to the District's proposed lift stations, since the DEP apparently has done nothing to help him with the lift station problems at Sissonville. (Tr., pp. 163-165; Boggess Exhibit Nos. 1 through 8.).

Mr. Boggess proposed, instead of the major line extension with lift stations, that the District construct individual package sewer treatment plants for all affected potential customers. He believes that this would be a much better use of the almost four and one-half million dollars. He believes that this could be accomplished with much less than four million dollars. Though he does not know how much it would cost the District to operate them, he believes that the District could build package plants for about $6,000 each, which, for 300 customers, would be much less than what it plans to spend. (Tr., pp. 165-168, 173-176). The District proposed to build a lift station on property belonging to his father. He opposes this proposed action. He understands that the District would be building about three new lift stations. Also, he opposes the District constructing a sewer line through his pasture. He is concerned that his cattle will be polluted. He observed, "I have had a bad relationship with lift stations. I guess now I have a phobia of them." (Tr., pp. 168-177).

Mike McGrew, a local real estate developer, who also is President of the Jackson County Board of Health, made a public statement in favor of the proposed project. He opined that the population is increasing in the southern part of Jackson County. He believes that the sewer project is crucial because of this past and projected population growth. He emphasized that the existing septic tanks and leachate fields are failing. (Tr., pp. 178-182).

Gary Samples, the Assistant Superintendent of Jackson County Schools, made a public statement in favor of the proposed project. He noted that Kenna Elementary School, which is located in the proposed project area, consumed about 80,000 gallons of water per month. He believes that a public sewer system would benefit that school. He has received complaints about odor problems at the school and sewage has migrated to the surface at that location. Though some of the other schools in Jackson County have package treatment plants, he never has investigated the cost for such a plant at Kenna Elementary School. (Tr., pp. 183-185).

DISCUSSION

The overwhelming weight of credible evidence in this proceeding establishes that public convenience and necessity require the proposed project. The project will eliminate approximately 300 leachate absorption fields, will replace many failing septic tanks, will permit southern Jackson County to continue to grow by making more of its land available for development, will eliminate several potential sources of health hazards and odor problems and will provide public sewer service to about 300 new customers, doubling the customer count of the District. The project is economical in that it will not generate any interest-bearing loans, since about 1/3 of the cost will be funded with an SCB Grant, with the remaining 2/3 funded with a zero-interest loan. Though the project will cost almost four and one-half million dollars to build, it will increase rates only moderately, i.e., about $3 per month for the average residential user. Though some public protest was made, it is clear that at least 200 of the proposed new customers are in favor of the project, as evidenced by the fact that they have signed user agreements. A couple of Protestants questioned whether the District was following the law in obtaining rights-of-way. However, the District is endowed with the power of eminent domain. Any procurement problems are within the exclusive jurisdiction of the Circuit Court of

Jackson County. If the District fails to properly compensate landowners for property it takes for the project, or if it is unclear to the landowners exactly what property is being taken and how it will be used, the Circuit Court can hear those issues in a condemnation proceeding or complaint.

The only issues before the ALJ are those brought to the ALJ's attention by Commission Staff at the hearing, i.e., whether the proposed tariff language for tap fees should be adopted and whether any allowance should be made for interim financing.

The ALJ has reviewed the entire case file, including the various notices published by the District. The ALJ cannot see any problem with the wording of the Notice of Filing as it pertains to the proposed tap fee. However, assuming that the notice is defective, since the only affected persons are those who have not yet built houses or other structures on their land in the service area, the ALJ believes that any deficiency in the notice can be corrected at this time. Therefore, the ALJ, to be on the safe side, will require that the District publish the Notice of Tap Fee, attached hereto as Appendix A, once a week for two consecutive weeks in a newspaper duly qualified by the Secretary of State, published and generally circulated in Jackson County. Publication of the attached Notice will cure any defect in the original notice. To that end, the ALJ will require that the District honor what it promised at the hearing, i.e., that any owner of a structure in existence when the sewer line first becomes operational is entitled to the $150 tap fee. Any structures to be served by the system that

are constructed after the project becomes operational will be charged the alternative or experimental tap fee, which includes the actual cost of connecting to the system.

Since the project has not been let out for bidding and since the District has no absolute total cost of the project upon which it can rely, the ALJ will approve the proposed interim financing, if it is needed. If the District does not borrow the interim funds, it should report that fact to Commission Staff. The District should borrow interim funds **only** if cost overruns or other unforeseen contingencies, such as insufficient cash flow, require such borrowing. Should the District actually enjoy a surplus because interim financing has been included in the project, the District can use such surplus in any lawful manner.

For all of the reasons discussed above, the ALJ holds that public convenience and necessity require the propose project. He will grant the certificate, provided that, prior to commencing construction, the District submits to the Commission the modified NPDES permit mentioned at the hearing. Also, since all of the long-term financing is interest-free and will cover the cost of the project, the ALJ will approve the long-term financing. Further, should it be needed, as discussed above, the ALJ will approve the interim financing. Should the scope or the nature of the project or the financing for the project change, the District must seek separate Commission approval prior to commencing construction. The District shall cure any possible notice problems pertaining to the tap fee by publishing the Notice, as discussed above. Finally, the ALJ will approve the proposed rate increase and require that the District file a proper tariff with the Commission.

FINDINGS OF FACT

1. The Southern Jackson County Public Service District filed an application with the Commission, pursuant to West Virginia Code §24-2-11, for a certificate of public convenience and necessity to extend its existing sewer system to serve the Grasslick and Kenna areas of Jackson County. (See, Application, filed February 1, 2001).

2. The District published the Notice of Filing on February 7, 2001, as directed by the Commission, in The Jackson Herald, a newspaper published and generally circulated in Jackson County. Numerous public protests were filed with the Commission. (See, Publication Affidavit, filed March 6, 2001; Commission's file).

3. The Notice of Filing contained language notifying the public of the proposed tap fee. (See,

Publication Affidavit, filed March 6, 2001).

4. The District also published a Notice of Hearing. (See, District Exhibit No. 1).

5. The proposed project will utilize the same type of operation as the District's existing system, i.e., each customer will be required to have a septic tank. The District, at its own expense, will pump solid residues from the customers' septic tanks. (See, Testimony of James Stover, Tr., pp. 24-26, 29; District Exhibit No. 2, pp. 1-4).

6. The District, which has been planning the proposed project to serve the Kenna, Grasslick and Bush Hollow areas for several years, will finance the project with a $1,500,000 SCB Grant and a $2,888,924 zero-interest IC loan. (See, Testimony of James Stover, Tr., pp. 24-26, 29; District Exhibit No. 2, pp. 1-4).

7. All of the proposed customers to be served by the project already have public water service. The District plans to extend public water service to as many people as possible, and it has the same plans for public sewer service. Anyone who does not have public water service in the proposed operation area for the sewer project has chosen not to connect to the District's water lines. (See, Testimony of James Stover, Tr., pp. 30-31).

8. By using septic tanks in the proposed collection system, the District will eliminate the customers' existing soil absorption fields and will treat the effluent from the septic tanks. The District chose this alternative type of sewer system because special funding was available in the 1980s from the EPA. By removing the solids before the effluent empties into the District's lines, the District can utilize smaller collection lines. (See, Testimony of James Stover, Tr., pp. 31-34).

9. The District has not filed a rate case, as directed by the Commission in Case No. 97-1423-PSD-42T, after operating for one year under the rates approved in that case. (See, Testimony of James Stover, Tr., pp. 34-35).

10. The problem with septic tanks with absorption fields is with the absorption fields. Commonly, after absorption fields operate for a while, the effluent begins to rise to the top of the ground, creating a health hazard. Under the District's system, the solids are removed periodically and the effluent is taken away immediately with the collection system, thereby eliminating the possibility of a health hazard. Though the customers still will have a septic tank, the District's collection system will replace the individual field absorption systems. The District's proposal is better for the public than what exists now. The proposed project will be more sanitary for the public, and the customers will have greater use of their land, since the field absorption systems will be eliminated. (See, Testimony of James Stover, Tr., pp. 35-36).

11. The District's existing system and the proposed project include lift stations, since the sewage will not flow by gravity to the treatment plant from all locations. Lift Station Number 5 would serve between 150 and 200 customers, including two or three businesses and a school. Should the lift station fail completely, depending upon the time of day, it would take several hours to overflow. However, this will be a new lift station, with a backup pump, and should not fail for several years. (See, Testimony of James Stover, Tr., pp. 36-48).

12. The proposed collection line runs along primarily agricultural land and is located in a flood plain. The District would be responsible for any cleanup should the system fail and overflow. (See, Testimony of James Stover, Tr., pp. 48-50).

13. The lift station problems that Sissonville Public Service District has experienced with the pure gravity flow system would not exist with the type of system that the Southern Jackson Public Service District proposes. The proposed system, utilizing the individual septic tanks, will transport chiefly liquid effluent. The solids will be pumped from the septic tanks periodically. The proposed

system does not have manholes located every two or three hundred feet, as do pure gravity flow systems, which eliminates a great potential source of inflow and infiltration. Also, since the Sissonville system is old, it probably utilizes clay pipes, which have contributed to the problems with the overflow of the lift stations. Currently, the District's system operates four lift stations, and it has experienced zero problems with them. (See, Testimony of James Stover, Tr., pp. 186-190).

14. In order to implement the individual package treatment plan proposed by one of the Intervenors, the District would have to obtain a separate NPDES permit for each plant. The expenses of operating and maintaining that many package plants would be tremendous. The effluent from those package plants still would have to be treated. Individual electric service would have to be established for each plant. Each such plant would have to be monitored daily. The District would have to obtain an easement for each plant. From an engineering standpoint and from a practical implementation point of view, such a proposal is not feasible. The proposed system best meets the needs of the proposed service area. (See, Testimony of James Stover, Tr., pp. 186-190).

15. The proposed total cost for the project, $4,388,924, will be financed with a $1,500,000 SCB Grant and a $2,888,924 IC loan, bearing no interest and repayable over a 40-year period. Though the District does not believe that interim financing will be required, it seeks approval of interim financing should an unforeseen contingency arise. The project will cause the District's rates to increase by about 12.3%. (See, Testimony of Dannie Raines, Tr., pp. 55-56; District Exhibit No. 3, pp. 1-3).

16. The District will charge $150 per tap up to the time that the new system begins operating. (See, Testimony of Dannie Raines, District Exhibit No. 3).

17. The District will replace about 90% of the existing septic tanks. It will cost about $2,800 to replace a septic tank and connect it to the District's line. After the system is operational, the District is seeking approval to require any new customers to pay the actual cost of connecting to the system, including installing a septic tank. The Commission has approved this arrangement for the District's existing system, and the District has enjoyed a financially stable operation. Only people building new homes or businesses are affected by this policy, i.e., all existing homes and businesses can connect to the system by paying only the $150 tap fee. It is the intention of the District to charge the alternate tap fee, i.e., the actual cost of connecting to the system, only to customers who connect to the system after construction. (Tr., pp. 101-106; District Exhibit No. 7). (See, Testimony of Dannie Raines, Tr., pp. 101-106; District Exhibit No. 7; District Exhibit No. 3, pp. 3-5).

18. The District intends to obtain 15-foot easements by paying the affected landowners $1 for the easements. The District will exercise its right of eminent domain should any land owner not wish to grant the easement. (See, Testimony of Dannie Raines, District Exhibit No. 3, pp. 6-8).

19. The District will impose a minimum charge on any residence that chooses not to connect to the system. (See, Testimony of Dannie Raines, District Exhibit No. 3, pp. 6-8).

20. Dannie Raines owns undeveloped property and an existing residence that might benefit from the project. However, the line serving Mr. Raines' property will serve about 70 other residences and has a higher customer density than the project as a whole. The entire project includes installing about 10.76 miles of line to serve 289 new customers. (See, Testimony of Dannie Raines, District Exhibit No. 3, pp. 8-10).

21. NPDES Permit No. WV0084468, issued by the DEP on May 21, 1999, is the permit for the proposed project. (See, Testimony of Dannie Raines, Tr., pp. 56-57; District Exhibit No. 4).

22. The District has obtained a modification of NPDES Permit No. WV0084468, which addresses some specific problems with the proposed project. (See, Testimony of Dannie Raines, Tr., p. 57; District Exhibit No. 5; August 14, 2001 filing).

23. The District has obtained a letter of credit, dated September 8, 2000, from City National Bank, as the basis for the District's proposed interim financing should it be needed. The credit line is for an amount up to $400,000, bearing an interest rate of 11.25%, for a one-year term. (See, Testimony of Dannie Raines, Tr., pp. 57-59; District Exhibit No. 6).

24. The District will inform its prospective customers of a HUD program to which some may be entitled. (See, Testimony of Dannie Raines, Tr., pp. 61-62; District Exhibit No. 10).

25. The District has not considered the idea of building individual package sewer treatment plants. Though the initial cost might be less, individual package treatment plants would be impractical for several reasons, including the fact that sewage effluent from those plants would empty into small streams, which would not meet DEP requirements. The District does not believe that any public financing would be available for constructing individual package plants. (See, Testimony of James Stover, Tr., pp. 50-53; Dannie Raines, Tr., pp. 107-108, 112).

26. Approximately 200 of the 300 potential existing customers have signed user agreements already. (See, Testimony of Dannie Raines, Tr, pp. 108-112).

27. The area to be served by the project is not suitable for septic tanks with soil absorption systems due to the high clay content of the soil, which does not absorb wastewater effluent very well. This creates health hazards. The central collection system of the proposed system utilizes septic tanks to collect sewage from the customers. This sewage then will be collected by the District's lines and transported to strategically-located lift stations, from where it will then be transported to the treatment facility. The septic tanks will be owned, operated and maintained by the District. The District will remove the sludge from the septic tanks periodically. Some of the facilities are located in the 25-year flood plain, but will operate without problems. The system does not have to be

designed to be located out of the 100-year flood plain. (See, Testimony of William Cunningham, Tr., pp. 70-72; District Exhibit No. 15, pp. 1-3).

28. The District requires a 12.3% across-the-board rate hike in order to implement the proposed project. The District's existing rates are $6.00 per 1,000 gallons usage; a $21 per month minimum bill, based on 3,500 gallons usage; and an unmetered rate of $27 per month, based on 4,500 gallons average usage. The District is proposing that the metered rate increase to $6.74 per 1,000 gallons usage, that the minimum bill for residential customers increase to $23.59 per month and that the average monthly bill, based on 4,500 gallons usage, increase to $30.33 per month. (See, Testimony of Annjeanette Vealey, Tr., pp. 77-80; District Exhibit Nos. 16 and District Exhibit No. 17).

29. The District's proposed revenue requirement includes a line item of $25,000 for interim financing. The District believes that, since the project has not been let out for bids and all contingencies are not now known, this item should not be adjusted at this time. Should the $25,000 not be needed for interim financing, it could be used for long-term debt service payments. (See, Testimony of Annjeanette Vealey, Tr., pp. 81-83).

30. Soils in the Jackson County area are tight, which results in slow percolation tests. These types of soil are not suited for septic tank systems with leachate fields. Extending the District's public sewer system to the Grasslick and Kenna areas will greatly improve the quality of the watershed. The project will enhance public health by decreasing the potential for releasing pathogenic bacteria into the environment. (See, Testimony of Michael Mills, Tr., pp. 83-87; District Exhibit No. 18, pp.1-2).

31. All of the households in the proposed service area have septic tank systems with leachate fields. Septic tank systems commonly fail in this area because the soil is tight red clay. The situation presents a health hazard. The project would significantly improve the public health of the affected

area. (See, Testimony of Paul Saunders, Tr., pp. 87-88; District Exhibit No. 19, pp. 1-2).

32. Though they work better than septic tanks with leachate fields, if package plants are not operated by a professional operator, many problems generally occur. Paul Saunders opined that a central collection system, as proposed by the District, is the best solution for dealing with sewage in the area. (See, Testimony of Paul Saunders, Tr., pp. 88-90).

33. Though public sewer systems also incur problems occasionally, a centralized system is much better than individual systems. Should a public sewer line break, precautions should be taken to keep people and livestock away from the spill until the line is repaired and the sewage either is cleaned up or is naturally washed into the soil, which would take about a month, depending upon the amount of rainfall. (See, Testimony of Paul Saunders, Tr., pp. 90-94).

34. About 90% of the private sewer systems that Terry Clendenin has installed in Jackson County no longer function properly, including about 60 such systems in the proposed service area.

Many homeowners have bypassed these systems and are diverting leachate directly into streams. The red clay works a real hardship against individual septic systems. Mr. Clendenin believes that getting rid of all of the individual leachate fields, as the District's system would do, would be a better situation for Jackson County. (See, Testimony of Terry Clendenin, Tr., pp. 94-100; District Exhibit No. 20).

35. The project is comprised of 28,272 feet of 8-inch line, 15,310 feet of 6-inch line and 13,236 feet of 2-inch line. The project also will include three 5,000-gallon septic tanks to serve two commercial customers and one subdivision, 256 residential septic tanks and three pump stations. The project will add approximately 290 new customers, which is the approximate number of existing customers. The project will eliminate several package sewer treatment plants and leachate absorption fields. However, the project will utilize existing septic tanks on properties where those tanks meet inspection guidelines and will replace septic tanks where needed. The District's lines will be used to collect the effluent from the septic tanks and transport it to the District's treatment plant. Commission Staff has some concern about the public notice regarding the tap fee. (See, Testimony of James Spurlock, Tr., pp. 114-116; Staff Exhibit No. 1).

36. The District has estimated that the project would cost $4,388,924, with about 1/3 of that amount, or $1,500,000, funded with an SCB grant and the remaining amount to be funded with an interest-free IC loan in amount not to exceed $2,888,924, repayable over a 40-year term. The IC loan has been amortized for a period of 38 years for an annual payment of $76,024, with the first payment due during the first quarter after the District completes construction. The project will also require a 10% debt service reserve and a 2.5% replacement reserve. The District also has interest-free advance funding from the IC amounting to $122,933, which would be amortized over the full 40 years of the term, resulting in an annual debt service requirement of $3,093 for this loan. This debt service requirement has been reflected at going-level, since the Commission already has approved that borrowing in Case No. 97-0931-PSD-PC. The project will increase the District's revenue requirement by approximately $35,790, or 12.3%, which will increase rates by $0.74 per 1,000 gallons, or by about $3 per month for an average residential customer. (See, Staff Exhibit No. 1).

37. Commission Staff no longer is recommending approval of the proposed tap fee for future customers, i.e., that future customers would pay the actual cost of connection rather than the $150 that existing customers would pay, because Commission Staff believes that the public notice was not sufficient. Commission Staff did not object to the public notice when it was made and did not object to the proposed tap fee until it did so at the hearing. Though Commission Staff could not suggest alternative language to the Notice of Filing that would better explain which customers would pay which tap fee, Staff believes that this matter should be further investigated. (See, Testimony of James Spurlock, Tr., pp. 116-125; James Boggess, Tr., pp. 125-128).

38. Commission Staff no longer is recommending approval of interim financing, since the IC has indicated that it would not be needed. Commission Staff clarified that it was recommending that the District deposit the additional $25,000 in the reserve accounts, to pre-fund those accounts,

only if such surplus actually emerges. Unforeseen contingencies could use up that $25,000 earmarked for interim financing. (See, Testimony of James Boggess, Tr., pp. 128-135).

39. Lionel Jones, one of the Intervenors, brought up issues beyond the jurisdiction of the Commission, i.e., issues of property values, real property legal descriptions and compensation for rights-of-way in condemnation proceedings. (See, Testimony of Lionel Jones, Tr., pp. 141-162).

40. The other Intervenor, William Boggess, who perceives problems with lift stations and public sewer lines, proposed that the District construct approximately 300 new package sewer treatment plants, instead of building the proposed sewer main line extension. (See, Testimony of William Boggess, Tr., pp. Tr., pp. 163-165; Boggess Exhibit Nos. 1 through 8).

41. Some members of the public spoke in favor of the proposed project. (See, Testimony of Mike McGrew, Tr., pp. 178-182; Gary Samples, Tr., pp. 183-185).

CONCLUSIONS OF LAW

1. The issues raised by the Intervenor, Lionel Jones, regarding property values, real property legal descriptions and compensation for rights-of-way in condemnation proceedings, are beyond the jurisdiction of the Commission.

2. The counterproposal of the Intervenor, William Boggess, that the District construct approximately 300 new package sewer treatment plants, instead of building the proposed sewer main line extension, is unreasonable, as set forth in Finding of Fact No. 25.

3. For the reasons discussed in Conclusion of Law Nos. 1 and 2; since the project will eliminate approximately 300 leachate absorption fields, will replace many failing septic tanks, will permit southern Jackson County to continue to grow by making more of its land available for development, will eliminate several potential sources of health hazards and odor problems and will provide public sewer service to about 300 new customers, doubling the customer count of the District; since the project is economical in that it will not generate any interest-bearing loans; and since, although the project will cost almost four and one-half million dollars to build, it will increase rates only moderately, i.e., about $3 per month for the average residential user, it is reasonable to conclude that public convenience and necessity require the proposed project.

4. For all of the reasons set forth in Conclusion of Law No. 3, it is reasonable to grant the certificate application.

5. For all of the reasons set forth in Finding of Fact No. 36, it is reasonable to approve the proposed long-term financing for the project, including the $1,500,000 SCB grant and the interest-free IC loan in amount not to exceed $2,888,924, repayable over a 40-year term, which will cover the entire projected cost of $4,388,924.

6. Should bids come in too high or should the scope or the financing of the project change, it is reasonable to direct that the District obtain separate Commission approval prior to commencing construction.

7. Although Commission Staff has recommended against interim financing, due to representations made by the IC that interim financing would not be required, since unforeseen contingencies may arise in a project of this size that would require such interim financing, it is

reasonable to approve interim financing in this matter, in an amount not to exceed $400,000 and at an annual interest rate not to exceed 11.25%.

8. Realizing that interim financing may not be needed, and since the approved rates will generate an additional amount to cover the repayment of such interim financing, should such a surplus result in the first year of operations under the rates approved herein, the District may use this surplus in any lawful manner.

9. Since the actual cost of the project is not known and since the approved rates may generate a surplus, including the possible surplus from the amount included to cover interim financing, it is reasonable to require that the District file a rate case after operating for one year under the approved rates.

10. For the reasons set forth in Finding of Fact No. 36, it is reasonable to approve the requested rates and require that the District file a proper tariff containing the approved rates.

11. Since Commission Staff has argued that the Notice of Filing may not provide adequate notice to the public of the District's actual intention of applying the $150 tap fee to all owners of existing structures who take service from the proposed line and applying the experimental "actual connection cost" tap fee only to structures to be served by the line that are constructed after the line becomes operational, it is reasonable to require that the District publish the Notice of Tap Fee, attached hereto as Appendix A.

ORDER

IT IS, THEREFORE, ORDERED that the application filed with the Commission on February 1, 2001, by the Southern Jackson County Public Service District, pursuant to *West Virginia Code* §24-2-11, for a certificate of public convenience and necessity to extend its existing sewer system to serve the Grasslick and Kenna areas of Jackson County, be, and hereby is, granted, as follows:

1. The requested certificate of public convenience and necessity be, and hereby is, granted.

2. The long-term financing for the project hereby is approved, including the $1,500,000 SCB grant and the interest-free IC loan in amount not to exceed

$2,888,924, repayable over a 40-year term, which will cover the entire projected cost of $4,388,924.

3. Should bids come in too high or should the scope or the financing of the project change, the District first shall obtain separate Commission approval prior to commencing construction.

4. The proposed interim financing, in an amount not to exceed $400,000 and at an annual interest rate not to exceed 11.25%, hereby is approved. However, the District should refrain from borrowing such funds unless they clearly are needed and such borrowing does not conflict with the requirements of the providers of the long-term financing.

5. Should a surplus result in the first year of operations under the rates approved herein, due to the District not obtaining interim financing, the District may use this surplus in any lawful manner.

6. The District shall file a rate case after operating for one year under the approved rates.

7. The rates and charges requested by the District, as set forth in Appendix B, attached to this Recommended Decision, hereby are approved for all service rendered after the proposed line extension becomes operational.

8. Within thirty (30) days of the project becoming operational, the District shall file an

original and five copies of a proper tariff with the Commission containing the approved rates.

9. The District shall publish the Notice of Tap Fee, attached hereto as Appendix A, once a week for two consecutive weeks in a newspaper duly qualified by the Secretary of State, published and generally circulated in Jackson County. The District shall submit a publication affidavit indicating compliance with this public notice requirement no later than thirty (30) days after this Recommended Decision becomes final.

10. The issues raised by the Intervenor, Lionel Jones, regarding property values, real property legal descriptions and compensation for rights-of-way in condemnation proceedings, are beyond the jurisdiction of the Commission.

11. The counterproposal of the Intervenor, William Boggess, that the District construct approximately 300 new package sewer treatment plants, instead of building the proposed sewer main line extension, is unreasonable.

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

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

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

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

Ronnie Z. McCann
Deputy Chief Administrative Law Judge

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Appendix A

PUBLIC SERVICE COMMISSION

OF WEST VIRGINIA

CHARLESTON

CASE NO. 00-1829-PSD-CN

SOUTHERN JACKSON COUNTY
PUBLIC SERVICE DISTRICT, a public utility,
Application for a certificate of convenience and necessity to construct an extension to its existing sewer system to provide service to the Grasslick and Kenna areas of Jackson County.

NOTICE OF TAP FEE

On February 1, 2001, the Southern Jackson County Public Service District (District), a public utility, Jackson County, filed an application with the Public Service Commission, pursuant to *West Virginia Code* §24-2-11, for a certificate of public convenience and necessity to extend its existing sewer system to serve the Grasslick and Kenna areas of Jackson County. On August 30, 2001, the Commission approved the certificate application. During the course of litigation, however, it became apparent that some confusion might exist among the District's existing customers and potential customers as to the tap fee that the District would charge customers who connected to this sewer main line extension.

The tap fee that the Commission has approved is $150 per customer to serve all structures that now exist or that will be completed prior to completion of the sewer main line extension project that will serve the Kenna and Grasslick areas of Jackson County. For all structures whose construction is not completed until **after** the proposed main sewer line extension becomes operational, the tap fee will be the actual cost of connecting to the District's line, which likely will be in excess of $2,000 per tap.

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

Appendix B
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PUBLIC SERVICE COMMISSION

OF WEST VIRGINIA

CHARLESTON

CASE NO. 00-1829-PSD-CN

SOUTHERN JACKSON COUNTY
PUBLIC SERVICE DISTRICT, a public utility,
Application for a certificate of convenience and necessity to construct an extension to its existing sewer system to provide service to the Grasslick and Kenna areas of Jackson County.

APPROVED RATES

APPLICABILITY
Applicable to all of the District and where extended.

AVAILABILITY
Available for general domestic, commercial and industrial sewer service.

METERED RATES
Per 1,000 gallons water used per month $ 6.74

MINIMUM CHARGE
No bill will be rendered for less than 3,500 gallons used $23.59

UNMETERED/UNMEASURED RATE
$30.33

In the event the water supply is unmetered or otherwise unmeasurable by the District, the unmetered rate, based on 4,500 gallons usage, shall be charged.

CONNECTION CHARGE

RESIDENTIAL CONNECTION POLICY

GRASSLICK AND KENNA CUSTOMERS CONNECTING DURING CONSTRUCTION OF SEWER EXTENSION

$150.00 - For this charge customers will receive pumping and inspection of existing septic tank, replacement of existing septic tank if necessary, and materials and labor for the installation of a service line from the septic tank to the District's main.

Appendix B
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RESIDENTIAL CONNECTION POLICY

Customers to furnish all labor, materials and equipment necessary to construct the service connection, including the required septic tank; District to install wye and tee connections to the sewer main.

COMMERCIAL CUSTOMERS - Actual cost.

RECONNECTION CHARGE

$20.00 - to apply to all users in the event of any reconnection of service where water service was disconnected for nonpayment of sewer bills, or for any other reconnection where customer has failed to pay current sewer charges.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full within twenty (20) days, ten percent (10%) will be added to the net amount shown. This amount is not interest and is to only be collected once where appropriate.

RETURNED CHECK CHARGE

The District may not collect any fee greater than that charged to it by a banking institution and under no circumstances shall the fee collected by the District exceed $15.00.

LEAK ADJUSTMENT RATE

$1.10 per 1,000 gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate is used to calculate consumption above the customer's historical average usage.

Footnote: 1

[1] *Some of this material from Staff Exhibit No. 1 may be from Mr. Boggess, rather than Mr. Spurlock. However, the ALJ believes that the decision is more understandable by including this summary at this point.*

West Virginia Infrastructure & Jobs Development Council

received
received 8-8-00

Public Members:
James D. Williams, Chairman
St. Albans
William J. Harman, PE, Vice Chairman
Grafton
Dwight Calhoun
Petersburg
Tim Rutledge
Gilbert

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

Katy Mallory, PE
Executive Secretary

KMallory@ezwv.com

August 4, 2000

Mr. Dannie Raines, General Manager
Southern Jackson Public Service District
P.O. Box 57
Kenna, West Virginia 25248

Re: Sanitary sewer extension project - Phase II **97S-300**

Dear Mr. Raines:

The West Virginia Infrastructure and Jobs Development Council, at its August 2, 2000 meeting, voted to offer the Southern Jackson Public Service District (the "District") a Binding Commitment for an Infrastructure Fund loan of $2,888,924 to complete the funding for the District's proposed project to extend sanitary sewer service to the Kenna area, serving approximately 289 new customers (the "Project"). The Council proposes to offer this assistance for a term of 40 years with 0% interest.

It is the Council's understanding that the District has obtained a Small Cities Block Grant of $1,500,000, hereby completing the financing for this $4,388,924 Project.

The Council also determined that in order to receive the proposed Binding Commitment, the District must adhere to a certain project schedule. Additionally, any Binding Commitment issued will be contingent upon the availability of Infrastructure funds, which is expected to be realized with the anticipated Revenue Bond Issue in October.

Please call Katy Mallory at 558-4607 to establish the necessary project schedule and finalize the proposed Binding Commitment.

Sincerely,

James D. Williams

JDW/rc
cc: Debbie Legg, WVDO
J. Michael Johnson, PE, DEP
Region V P&D Council

WV MUNICIPAL BOND COMMISSION
8 Capitol Street, Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM
Date of Report: May 29, 2002
(See Reverse for Instructions)

ISSUE: Southern Jackson County Public Service District, Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund)
ADDRESS: P.O. Box 57
Kenna, WV 25248-0057 COUNTY: Jackson
PURPOSE: New Money X
OF ISSUE: Refunding ___ Refunds issue dated: N/A
ISSUE DATE: May 30, 2002 CLOSING DATE: May 30, 2002
ISSUE AMOUNT: $2,888,924 RATE: 0.00%
1ST DEBT SERVICE DUE: June 1, 2004 1ST PRINCIPAL DUE: June 1, 2004
1ST DEBT SERVICE AMT.:$19,006.08 PAYING AGENT: Municipal Bond Comm.

BOND COUNSEL: Goodwin & Goodwin, LLP
Contact Person: W.K. Bragg, Jr.
Phone 346-7000

LENDER: West Virginia Infrastructure and Jobs Development Council
Contact Person: Katy Mallory
Phone: (304) 558-4607

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: James L. Stover
Position: Chairman
Phone: (304) 372-2622

----------DEPOSITS TO MBC AT CLOSE:----------

___ Accrued Interest: $ 0
___ Capitalized Interest: $ 0
By ___ Wire ___ Reserve Account: $ 0
___ Check ___ Other: _____ $_____

----------REFUNDS & TRANSFERS BY MBC AT CLOSE:----------

___ To Escrow Trustee: $ N/A
By ___ Wire ___ To Issuer: $ N/A
___ Check ___ To Cons. Invest. Fund: $ N/A
___ IGT ___ Other: _____ $_____

Notes: _____

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

USDA

United States Department of Agriculture

Rural Development

75 High Street, Room 320
Morgantown, WV 26505-7500
(304) 284-4860
FAX (304) 284-4893
TDD (304) 284-5941
(For the Deaf or Hard of Hearing)

$2,888,924
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND (WEST VIRGINIA INFRASTRUCTURE
AND JOBS DEVELOPMENT COUNCIL), SERIES 2002

RUS CONSENT TO ISSUANCE OF PARITY BOND AND PARITY LIEN

United States of America, Rural Development (the "Government"), represents that it is the sole and only registered owner of the bonds dated July 19, 1994, in the amounts of $400,000, $52,000 and $40,000, authorized by a resolution dated July 13, 1994 (the "Prior Bonds").

The Government does hereby consent to the issuance by the Southern Jackson County Public Service District, Kenna, West Virginia (the "Issuer"), of its parity sewer revenue bond, Series 2002, in the amount of $2,888,924 (the "Series 2002 Bond") as described above, to be sold to the West Virginia Water Development Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council. The Government hereby further consents that the Series 2002 Bond may be payable from the revenues of the water system of the Issuer and otherwise secured on parity with the Prior Bonds.

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

WITNESS my signature this 14th day of May, 2002.

UNITED STATES OF AMERICA
UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development

By: Kenna Hawley
for State Director

Rural Development is an Equal Opportunity Lender, Provider and Employer. Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, Washington, D.C. 20250-9410

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1 $2,888,924

KNOW ALL MEN BY THESE PRESENTS: That SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Jackson County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the order of the West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of TWO MILLION EIGHT HUNDRED EIGHTY-EIGHT THOUSAND NINE HUNDRED TWENTY-FOUR DOLLARS ($2,888,924), or such lesser amount as set forth on the Record of Advances attached as Exhibit A hereto and incorporated herein by reference. Principal of this Bond is payable in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2004, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference.

SPECIMEN

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

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

SPECIMEN

This Bond is issued (i) to pay a portion of the costs of acquisition, construction and equipping of certain additions, betterments and improvements to the public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing sewer system of the Issuer, together with the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), a Resolution duly adopted by the Issuer and effective on May 8, 2002, and a Supplemental Resolution duly adopted by the Issuer on May 28, 2002 (collectively, 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 this Bond under the Resolution.

THIS BOND IS ISSUED ON PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S SEWER SYSTEM REVENUE BOND, SERIES 1994 A, 1994 B AND 1994 C, DATED JULY 19, 1994, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNTS OF $400,000, $52,000 AND $40,000, RESPECTIVELY, (COLLECTIVELY, THE "PRIOR BONDS").

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 parity with the pledge of Net Revenues in favor of the Prior Bonds, and from moneys in the Reserve Account created under the Resolution for this Bond (the "Series 2002 Bond Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all Bonds that may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, if any, except from said special fund provided from the Net Revenues, the moneys in the Series 2002 Bond Reserve Account and unexpended proceeds of this Bond. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System and to leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount payable in any year for principal of and interest, if any, on this Bond and the Prior Bonds, and all other obligations secured by a lien on or payable from such Net Revenues on parity with this Bond, provided however, that so long as there exists in the Series 2002 Bond Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year and in the reserve account established for any other obligations outstanding on parity with this Bond, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to one hundred ten percent (110%). The Issuer has entered into certain further covenants with the registered owners of this Bond for the terms of which reference is made to the Resolution. Remedies provided the registered owners of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

SPECIMEN

SPECIMEN

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Resolution, shall be applied solely to the payment of the costs of the Project and costs of issuance hereof as 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 registered owner of this Bond.

Under the Act, this Bond is exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

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

SPECIMEN

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

All provisions of the 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.

This Bond shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

IN WITNESS WHEREOF, SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary and has caused this Bond to be dated May 30, 2002.

SPECIMEN

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

[SEAL]

By: James L Stone
Chairman

ATTEST:

Brenda Hunt-Winters
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2002 Bond 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: May 30, 2002

THE CITY NATIONAL BANK OF WEST VIRGINIA,
as Registrar

SPECIMEN

By: _____
Assistant Vice President & Trust Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $138,940.00	5/30/02	(13) $	
(2) $		(14) $	
(3) $		(15) $	
(4) $		(16) $	
(5) $		(17) $	
(6) $		(18) $	
(7) $		(19) $	
(8) $		(20) $	
(9) $		(21) $	
(10) $		(22) $	
(11) $		(23) $	
(12) $		(24) $	

Southern Jackson Public Service District (West Virginia)

Loan of $2,888,924
40 Years, 0% Interest Rate
Closing Date: May 30, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2002	-	-	-
9/01/2002	-	-	-
12/01/2002	-	-	-
3/01/2003	-	-	-
6/01/2003	-	-	-
9/01/2003	-	-	-
12/01/2003	-	-	-
3/01/2004	-	-	-
6/01/2004	19,006.08	-	19,006.08
9/01/2004	19,006.08	-	19,006.08
12/01/2004	19,006.08	-	19,006.08
3/01/2005	19,006.08	-	19,006.08
6/01/2005	19,006.08	-	19,006.08
9/01/2005	19,006.08	-	19,006.08
12/01/2005	19,006.08	-	19,006.08
3/01/2006	19,006.08	-	19,006.08
6/01/2006	19,006.08	-	19,006.08
9/01/2006	19,006.08	-	19,006.08
12/01/2006	19,006.08	-	19,006.08
3/01/2007	19,006.08	-	19,006.08
6/01/2007	19,006.08	-	19,006.08
9/01/2007	19,006.08	-	19,006.08
12/01/2007	19,006.08	-	19,006.08
3/01/2008	19,006.08	-	19,006.08
6/01/2008	19,006.08	-	19,006.08
9/01/2008	19,006.08	-	19,006.08
12/01/2008	19,006.08	-	19,006.08
3/01/2009	19,006.08	-	19,006.08
6/01/2009	19,006.08	-	19,006.08
9/01/2009	19,006.08	-	19,006.08
12/01/2009	19,006.08	-	19,006.08
3/01/2010	19,006.08	-	19,006.08
6/01/2010	19,006.08	-	19,006.08
9/01/2010	19,006.08	-	19,006.08
12/01/2010	19,006.08	-	19,006.08
3/01/2011	19,006.08	-	19,006.08
6/01/2011	19,006.08	-	19,006.08
9/01/2011	19,006.08	-	19,006.08
12/01/2011	19,006.08	-	19,006.08
3/01/2012	19,006.08	-	19,006.08
6/01/2012	19,006.08	-	19,006.08
9/01/2012	19,006.08	-	19,006.08
12/01/2012	19,006.08	-	19,006.08
3/01/2013	19,006.08	-	19,006.08
6/01/2013	19,006.08	-	19,006.08
9/01/2013	19,006.08	-	19,006.08
12/01/2013	19,006.08	-	19,006.08

Southern Jackson Public Service District (West Virginia)

Loan of $2,888,924
40 Years, 0% Interest Rate
Closing Date: May 30, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2014	19,006.08	-	19,006.08
6/01/2014	19,006.08	-	19,006.08
9/01/2014	19,006.08	-	19,006.08
12/01/2014	19,006.08	-	19,006.08
3/01/2015	19,006.08	-	19,006.08
6/01/2015	19,006.08	-	19,006.08
9/01/2015	19,006.08	-	19,006.08
12/01/2015	19,006.08	-	19,006.08
3/01/2016	19,006.08	-	19,006.08
6/01/2016	19,006.08	-	19,006.08
9/01/2016	19,006.08	-	19,006.08
12/01/2016	19,006.08	-	19,006.08
3/01/2017	19,006.08	-	19,006.08
6/01/2017	19,006.08	-	19,006.08
9/01/2017	19,006.08	-	19,006.08
12/01/2017	19,006.08	-	19,006.08
3/01/2018	19,006.08	-	19,006.08
6/01/2018	19,006.08	-	19,006.08
9/01/2018	19,006.08	-	19,006.08
12/01/2018	19,006.08	-	19,006.08
3/01/2019	19,006.08	-	19,006.08
6/01/2019	19,006.08	-	19,006.08
9/01/2019	19,006.08	-	19,006.08
12/01/2019	19,006.08	-	19,006.08
3/01/2020	19,006.08	-	19,006.08
6/01/2020	19,006.08	-	19,006.08
9/01/2020	19,006.08	-	19,006.08
12/01/2020	19,006.08	-	19,006.08
3/01/2021	19,006.08	-	19,006.08
6/01/2021	19,006.08	-	19,006.08
9/01/2021	19,006.08	-	19,006.08
12/01/2021	19,006.08	-	19,006.08
3/01/2022	19,006.08	-	19,006.08
6/01/2022	19,006.08	-	19,006.08
9/01/2022	19,006.08	-	19,006.08
12/01/2022	19,006.08	-	19,006.08
3/01/2023	19,006.08	-	19,006.08
6/01/2023	19,006.08	-	19,006.08
9/01/2023	19,006.08	-	19,006.08
12/01/2023	19,006.08	-	19,006.08
3/01/2024	19,006.08	-	19,006.08
6/01/2024	19,006.08	-	19,006.08
9/01/2024	19,006.08	-	19,006.08
12/01/2024	19,006.08	-	19,006.08
3/01/2025	19,006.08	-	19,006.08
6/01/2025	19,006.08	-	19,006.08
9/01/2025	19,006.08	-	19,006.08

Southern Jackson Public Service District (West Virginia)

Loan of $2,888,924
40 Years, 0% Interest Rate
Closing Date: May 30, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2025	19,006.08	-	19,006.08
3/01/2026	19,006.08	-	19,006.08
6/01/2026	19,006.08	-	19,006.08
9/01/2026	19,006.08	-	19,006.08
12/01/2026	19,006.08	-	19,006.08
3/01/2027	19,006.08	-	19,006.08
6/01/2027	19,006.08	-	19,006.08
9/01/2027	19,006.08	-	19,006.08
12/01/2027	19,006.08	-	19,006.08
3/01/2028	19,006.08	-	19,006.08
6/01/2028	19,006.08	-	19,006.08
9/01/2028	19,006.08	-	19,006.08
12/01/2028	19,006.08	-	19,006.08
3/01/2029	19,006.08	-	19,006.08
6/01/2029	19,006.08	-	19,006.08
9/01/2029	19,006.08	-	19,006.08
12/01/2029	19,006.08	-	19,006.08
3/01/2030	19,006.08	-	19,006.08
6/01/2030	19,006.08	-	19,006.08
9/01/2030	19,006.08	-	19,006.08
12/01/2030	19,006.08	-	19,006.08
3/01/2031	19,006.08	-	19,006.08
6/01/2031	19,006.08	-	19,006.08
9/01/2031	19,006.08	-	19,006.08
12/01/2031	19,006.08	-	19,006.08
3/01/2032	19,006.08	-	19,006.08
6/01/2032	19,006.08	-	19,006.08
9/01/2032	19,006.08	-	19,006.08
12/01/2032	19,006.08	-	19,006.08
3/01/2033	19,006.08	-	19,006.08
6/01/2033	19,006.08	-	19,006.08
9/01/2033	19,006.08	-	19,006.08
12/01/2033	19,006.08	-	19,006.08
3/01/2034	19,006.08	-	19,006.08
6/01/2034	19,006.08	-	19,006.08
9/01/2034	19,006.08	-	19,006.08
12/01/2034	19,006.08	-	19,006.08
3/01/2035	19,006.08	-	19,006.08
6/01/2035	19,006.08	-	19,006.08
9/01/2035	19,006.08	-	19,006.08
12/01/2035	19,006.08	-	19,006.08
3/01/2036	19,006.08	-	19,006.08
6/01/2036	19,006.08	-	19,006.08
9/01/2036	19,006.08	-	19,006.08
12/01/2036	19,006.08	-	19,006.08
3/01/2037	19,006.08	-	19,006.08
6/01/2037	19,006.08	-	19,006.08

Southern Jackson Public Service District (West Virginia)

Loan of $2,888,924
40 Years, 0% Interest Rate
Closing Date: May 30, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2037	19,006.08	-	19,006.08
12/01/2037	19,006.08	-	19,006.08
3/01/2038	19,006.08	-	19,006.08
6/01/2038	19,006.07	-	19,006.07
9/01/2038	19,006.07	-	19,006.07
12/01/2038	19,006.07	-	19,006.07
3/01/2039	19,006.07	-	19,006.07
6/01/2039	19,006.07	-	19,006.07
9/01/2039	19,006.07	-	19,006.07
12/01/2039	19,006.07	-	19,006.07
3/01/2040	19,006.07	-	19,006.07
6/01/2040	19,006.07	-	19,006.07
9/01/2040	19,006.07	-	19,006.07
12/01/2040	19,006.07	-	19,006.07
3/01/2041	19,006.07	-	19,006.07
6/01/2041	19,006.07	-	19,006.07
9/01/2041	19,006.07	-	19,006.07
12/01/2041	19,006.07	-	19,006.07
3/01/2042	19,006.07	-	19,006.07
Total	**2,888,924.00**	**-**	**2,888,924.00**

YIELD STATISTICS

Bond Year Dollars	$60,314.31
Average Life	20.878 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	8.46E-11
Bond Yield for Arbitrage Purposes	8.46E-11
All Inclusive Cost (AIC)	8.46E-11

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	20.878 Years

ASSIGNMENT

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

SPECIMEN

Dated: _____, 20__.

_____
(Assignor)

Witnessed in the presence of:

_____

ADAMS & FISHER

Attorneys at Law

RONALD H. ADAMS (1929-1987)
ROBERT D. FISHER
LEAH R. BOGGS

Post Office Box 326
122 South Court Street
Ripley, WV 25271

Telephone: (304) 372-6191
Toll-free: (888) 204-9603
Facsimile: (304) 372-2175
e-mail: leahboggs@citynet.net

May 30, 2002

Southern Jackson County Public Service District
Kenna, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Goodwin & Goodwin, LLP
Charleston, West Virginia

Re: Southern Jackson County Public Service District, Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

I am counsel to Southern Jackson County Public Service District (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Goodwin & Goodwin, LLP, as bond counsel, relating to the above-captioned bond of the Issuer (the "Bond"), a loan agreement for the Bond, dated May 30, 2002, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), a Bond Resolution duly adopted by the Public Service Board of the Issuer (the "Board") on May 8, 2002, as supplemented by a Supplemental Resolution duly adopted on May 28, 2002 (collectively, the "Resolution"), orders of The County Commission of Jackson County relating to the Issuer and the appointment of members of the Board, and other documents relating to the Bond and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Loan Agreement and the Resolution when used herein.

I am of the opinion that:

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

of law.

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

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

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

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

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates, registrations and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for the use of the System, including, without limitation, all requisite permits, approvals, orders and certificates from the Council and the Public Service Commission of West Virginia (the "PSC"), and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the PSC order entered on August 30, 2001, in Case No. 00-1829-PSD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the rates for the System and the financing for the Project. Such order is in full force and effect.

7. The Issuer has duly published the required notice with respect to, among other things, the amount of the Bond to be issued, the interest rate and terms of the Bond, the Project to be acquired or constructed and the cost of the Project, the anticipated user rates and charges and the date that a formal application for a certificate of public convenience and necessity is to be filed with the PSC in accordance with Chapter 16, Article 13A, Section 25 of the Code of West Virginia, 1931, as amended, and has duly complied with the provisions thereof.

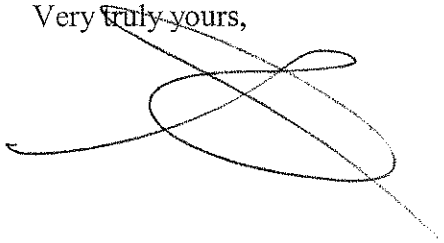
8. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bond and the Resolution, the

acquisition and construction of the Project, the operation of the System, the validity of the Bond, the collection of the Gross Revenues or the pledge of the Net Revenues for the payment of the Bond.

9. All successful bidders have made the required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies: (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interest of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Resolution and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,



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May 30, 2002

Southern Jackson County Public Service District
Kenna, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: Southern Jackson County Public Service District, Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We have served as bond counsel to Southern Jackson County Public Service District (the "Issuer") in connection with the issuance of its Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund), dated the date hereof (the "Bond").

We have examined certified copies of proceedings and other papers relating to the authorization of (i) a loan agreement for the Bonds, dated May 30, 2002, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the Bond to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bond is issued in the principal amount of $2,888,924, in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June1, September 1 and December 1 of each year, commencing June 1, 2004, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bond.

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

(ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Resolution duly adopted by the Issuer on May 8, 2002, as supplemented by a Supplemental Resolution duly adopted by the Issuer on May 28, 2002 (collectively, the "Resolution"), pursuant to and under which Act and Resolution the Bond is authorized and issued, and the Loan Agreement is entered into. The Bond is subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Resolution and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution and the Loan Agreement when used herein.

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

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

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

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

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

5. The Bond has been duly authorized, issued, executed and delivered by the Issuer to the Authority and is a valid, legally enforceable and binding special obligation of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds, all in accordance with the terms of the Bond and the Resolution.

6. Under the Act, the Bond and the interest thereon, if any, are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

7. The Bond has not been issued on the basis that the interest, if any, thereon is

or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bond.

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

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

Respectfully submitted,

Goodwin + Goodwin, LLP

Goodwin & Goodwin, LLP

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May 30, 2002

Southern Jackson County Public Service District
Kenna, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Jackson & Kelly PLLC
Charleston, West Virginia

Re: Final Title Opinion for Southern Jackson County Public Service District

Ladies and Gentlemen:

I am counsel to Southern Jackson County Public Service District (the "Issuer") in connection with a proposed project to construct certain improvements and extensions to the existing public sewer facilities of the Issuer (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council for the Project. Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and validly existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the West Virginia Bureau for Public Health.

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.

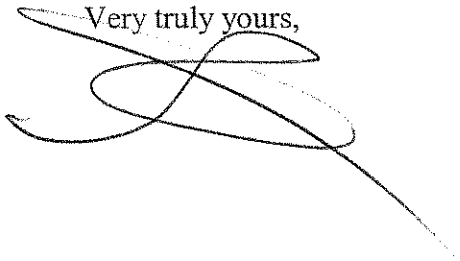
3. I have investigated and ascertained the location of, and are familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project.

4. I have examined the records on file in the Office of the Clerk of The

County Commission of Jackson County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. All deeds, easements and rights of way that have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of The County Commission of Jackson County to protect the legal title to and interest of the Issuer.

Very truly yours,



SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

SEWER SYSTEM BONDS, SERIES 1994 A, B and C

BOND RESOLUTION

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SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION, CONSTRUCTION AND CREATION OF PUBLIC SERVICE PROPERTIES IN THE FORM OF A NEW SEWER SYSTEM AND ISSUANCE OF SEWER SYSTEM REVENUE BONDS, SERIES 1994 A IN THE AMOUNT OF $400,000 SERIES 1994 B IN THE AMOUNT OF $52,000 AND SERIES 1994 C IN THE AMOUNT OF $40,000 OF SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT TO FINANCE THE ACQUISITION, CREATION AND CONSTRUCTION OF A PUBLIC SEWER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING FOR INTERIM CONSTRUCTION FINANCING; PLACING LIMIT ON SALE OF THE SYSTEM; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDERS OF THE BONDS; PROVIDING FOR A STATUTORY LIEN ON REVENUES AND THE SYSTEM; ESTABLISHING INITIAL SEWER RATES AND RULES; PROVIDING GENERAL TERMS AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code, as amended (the "Act") and other applicable provisions of law.

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

A. Southern Jackson County Public Service District (the "Issuer") is a public service district created pursuant to the Act by The County Commission of Jackson County.

B. The Issuer does not now own, operate or have an adequate public sewer system and desires to construct a new sewer system and it is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of certain inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be acquired and constructed a certain public sewer system for the collection, treatment, purification and/or disposal of liquid or solid wastes, sewage or industrial wastes of the Issuer known as the "System" (sometimes referred to herein as the "System") so as to secure certain of the residents of the Southern Jackson County area, with all necessary appurtenant facilities (the "Project"), and generally described as a system with approximately 46,000 LF of 4", 6" and 8" sewer mains, 4,600 LF of 4" and 6" force mains, pumping stations, the wastewater treatment facility and all other necessary appurtenances particularly described in and according to the plans and specifications prepared by the Consulting Engineer

and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The creation of the sewer system and construction and acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. It is necessary for the Issuer to issue its revenue bonds in the aggregate principal amounts of $400,000, $52,000, and $40,000 respectively to finance a portion of the cost of such construction in the manner hereinafter provided.

D. The estimated maximum cost of the construction of the Project is $3,470,810, of which $400,000 will be obtained from the proceeds of sale of the Series 1994 A Bond, $52,000 from the proceeds of the sale of the Series 1994 B Bond and $40,000 from the Series 1994 C Bond herein authorized, $2,373,810 from a United States Environmental Protection Agency grant, FmHA grants of $605,000 and other funding from tap fees and other sources. The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Bonds prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby and all items set out in West Virginia Code §16-13A-14, as amended.

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

F. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Bonds (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

G. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds, or will have so complied prior to issuance of the Bonds including, among other things, the imposition of rates and charges, the consent and approval, pursuant to the Act, of the issuance of the Bonds by the Public Service Commission of West Virginia by final order.

H. It is in the best interests of the Issuer that the Bonds be sold to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), pursuant to the terms and provisions of a letter of conditions dated January 16, 1991 as amended November 12, 1991, and June 28, 1994 and all amendments thereto (collectively, the "Letters of Conditions").

I. The Issuer has also made arrangements for interim financing as requested by FmHA and deem it in the best interests of the Issuer to enter into a Credit Agreement and execute a note or notes in the initial amount of $452,000 payable to any interim construction or financing lender which lender is initially United National Bank.

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

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

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

"Bonds" means the $400,000 Sewer System Revenue Bond, Series 1994 A, the $52,000 Sewer System Revenue Bond, Series 1994 B, and the $40,000 Sewer System Revenue Bond, Series 1994 C authorized hereby to be issued.

"1994 Series A Bond" means the $400,000 Sewer System Revenue Bond, Series 1994 A of the Issuer.

"1994 Series B Bond" means the $52,000 Sewer System Revenue Bond, of the Issuer.

"1994 Series C Bond" means the $40,000 Sewer System Revenue Bond, of the Issuer.

"Chairman" means the Chairman and/or President of the Governing Body.

"Consulting Engineer" means Ghosh Engineers, Inc., Charleston, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

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

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

"Herein" means in this Resolution.

"Holder of the Bonds" or any similar term means any person who shall be the registered owner of the Bonds.

"Issuer" or "District" means Southern Jackson County Public Service District, of Jackson County, West Virginia, and, where appropriate, also means the Governing Body.

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

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

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

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

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

"Registrar" or "Bond Registrar" means the Issuer which usually shall act by its Secretary.

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

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

"Secretary" means the Secretary of the Governing Body.

"System" means the Project initially, and all existing sewer facilities owned by the Issuer and all Facilities and other property of every nature, real or personal, now or hereafter acquired and/or owned, held or used in connection with the System and for the collection, treatment, purification and/or disposal of liquid or solid wastes, sewage or industrial wastes; and shall also include any and all additions, extensions, improvements, replacements, properties or other facilities at any time acquired or constructed for said sewer system after completion of the Project.

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of $3,470,810, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUANCE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions hereof, the Bonds of the Issuer to be known as "Sewer System Revenue Bond, Series 1994 A" in the principal amount of $400,000 "Sewer System Revenue Bond Series, 1994 B" in the amount of $52,000, and "Sewer System Revenue Bond Series 1994 C" in the amount of $40,000, respectively, are hereby authorized to be issued for the purpose of financing a portion of the cost of the construction and acquisition of the Project and are issued on a parity with each other.

Section 3.02. Description of BondS. The Bonds shall be issued in registered form, No. RA-1 for the Series 1994 A Bond, RB-1 for the Series 1994 B Bond, and No. RC-1 for the Series 1994 C Bond and the Bonds shall be dated on the date of delivery. The Series 1994A, the Series 1994B and the Series 1994C Bonds shall each bear interest from date, payable monthly at the rate of five per centum (4.5%) per annum.

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

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary, and the Chairman and the Secretary are hereby authorized to execute the Bonds and such other documents as are necessary to finalize this transaction. In case any one or more of the officers who shall have signed or sealed the 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 Bonds have not ceased to hold such

office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Negotiability, Registration, Transfer and Exchange of Bonds. The Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, but the Bonds may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.05 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar. No interest in the Bonds shall be transferable except by means of transfer of registration of Bonds representing such interest and delivery of a new Bond or Bonds in exchange therefor in accordance with this Bond Legislation.

Whenever the Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

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

Section 3.05. Registrar. The Issuer shall be the Bond Registrar and will keep or cause to be kept by its agent at its office, sufficient books for the registration and transfer of the Bonds, and upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bonds as hereinbefore provided.

The Registrar shall accept the Bonds for registration or transfer only if ownership thereof is to be registered in the name of an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or social security numbers of the settlor and beneficiaries of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law.

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

Section 3.07. Bonds Secured by Pledge of Revenues. The payment of the debt service of the Bonds shall be secured forthwith by a parity lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.08. Form of Bonds. Subject to the provisions hereof, the text of the Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

SEWER SYSTEM REVENUE BOND, SERIES 1994 A

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
$400,000

No. RA-1 Date: _____, 1994

FOR VALUE RECEIVED, SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT (herein called "Issuer") promises to pay to the order of the United States of America (the "Government"), or its registered assigns at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Four Hundred Thousand Dollars ($400,000), plus interest on the unpaid principal balance at the rate of four and one half per cent (4.5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and $1836.00 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only

be transferred by transfer of registration hereof with the Bond Registrar.

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

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

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

The initial address of Government for purposes of bond registration is P.O. Box 678, Morgantown, WV 26505.

THIS BOND IS ISSUED ON A PARITY WITH THE ISSUER'S SEWER SYSTEM REVENUE BONDS, SERIES 1994 B and C, ISSUED ON THIS DATE IN THE ORIGINAL PRINCIPAL AMOUNTS OF $52,000 and $40,000.

IN WITNESS WHEREOF, the SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

(SEAL)

By _____
Its Chairman
P.O. Box 57
Kenna, WV 25248

ATTEST:

By _____

Its Secretary

(Form Of)

RECORD OF ADVANCES

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

TOTAL $ _____

(Form of Assignment)

ASSIGNMENT

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

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

DATED: _____.

_____

In the presence of:

_____

(FORM OF BOND)

SEWER SYSTEM REVENUE BOND, SERIES 1994 B

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
$52,000

No. RB-1 Date: _____, 1994

FOR VALUE RECEIVED, SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT (herein called "Issuer") promises to pay to the order of the United States of America (the "Government"), or its registered assigns at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Fifty Two Thousand Dollars ($52,000), plus interest on the unpaid principal balance at the rate of four and one half per cent (4.5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and $239.00 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only

be transferred by transfer of registration hereof with the Bond Registrar.

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

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

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

The initial address of Government for purposes of bond registration is P.O. Box 678, Morgantown, WV 26505.

THIS BOND IS ISSUED ON A PARITY WITH THE ISSUERS'S SEWER SYSTEM REVENUE BONDS, SERIES 1994 A and C, ISSUED ON THIS DATE IN THE ORIGINAL PRINCIPAL AMOUNTS OF $400,000 and $40,000.

IN WITNESS WHEREOF, the SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

(SEAL)

By _____
Its Chairman
P.O. Box 57
Kenna, WV 25248

ATTEST:

By _____

Its Secretary

(Form Of)

RECORD OF ADVANCES

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

TOTAL $ _____

(Form of Assignment)

ASSIGNMENT

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

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

DATED: _____.

_____

In the presence of:

_____

(FORM OF BOND)

SEWER SYSTEM REVENUE BOND, SERIES 1994 C

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
$40,000

No. RC-1 Date: _____, 1994

FOR VALUE RECEIVED, SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT (herein called "Issuer") promises to pay to the order of the United States of America (the "Government"), or its registered assigns at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Forty Thousand Dollars ($40,000), plus interest on the unpaid principal balance at the rate of four and one half per cent (4.5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and $184.00 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only

be transferred by transfer of registration hereof with the Bond Registrar.

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

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

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

The initial address of Government for purposes of bond registration is P.O. Box 678, Morgantown, WV 26505.

THIS BOND IS ISSUED ON A PARITY WITH THE ISSUERS'S SEWER SYSTEM REVENUE BONDS, SERIES 1994 A and B, ISSUED ON THIS DATE IN THE ORIGINAL PRINCIPAL AMOUNTS OF $400,000 and $52,000.

IN WITNESS WHEREOF, the SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

(SEAL)

By _____
Its Chairman
P.O. Box 57
Kenna, WV 25248

ATTEST:

By _____

Its Secretary

(Form Of)

RECORD OF ADVANCES

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

TOTAL $ _____

(Form of Assignment)

ASSIGNMENT

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

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

DATED: _____.

_____

In the presence of:

_____

ARTICLE IIIA

INTERIM CONSTRUCTION FINANCING

Section 3A.01 Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the gross proceeds of the Bonds, the Issuer may issue and sell its Note or Notes (Notes), in an aggregate principal amount not to exceed $452,000. The Notes may be issued as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such date or dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the supplemental resolution.

Section 3A.02 Terms of and Security for Notes. The Notes, is issued, shall be issued with such terms and secured in the manner set forth in a supplemental resolution.

Section 3A.03 Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the proceeds of the Bonds, grant proceeds, surplus revenues, letter of credit proceeds, if any, and other sources. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the supplemental resolution.

Section 3A.04 Execution of Documents. The Notes, Credit Agreement and any other documents required to be executed by the commercial bank or other lender shall be executed in the name of the Issuer by the Chairman and the Chairman and Secretary are hereby authorized to execute any Note, Notes, Credit Agreement or any other documents necessary to secure the interim financing.

ARTICLE IV

REVENUES AND APPLICATION THEREOF

Section 4.01. Project Construction Account. All moneys received from the sale of any or all the Bonds shall be deposited on receipt by the Issuer in United National Bank, Ripley, Jackson County, West Virginia, a member of Federal Deposit Insurance

Corporation (FDIC), in a special account hereby now established and designated as "Southern Jackson County Public Service District Sewer System Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of state and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of the construction of the Project, the Issuer will transfer from the Project Construction Account and pay to the Purchaser on or before the fifteenth day of each month, such sums as shall be from time to time required to make the monthly installment payments on the Bonds if there are not sufficient Net Revenues to make such monthly payment.

If the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the Issuer may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, or agencies thereof, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.02. Covenants of the Issuer as to Revenues and Funds. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Sewer Reserve Fund hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

(A) Sewer Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Sewer

Revenue Fund" herein established with United National Bank, Ripley, Jackson County, West Virginia (the Depository Bank). The Sewer Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

(B) Disposition of Revenues. All revenues at any time on deposit in the Sewer Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Bonds, transfer from the Revenue Fund and remit to the National Finance Office designated in the Bonds (or such other place as may be provided pursuant to the Bonds), the amount required to pay the interest on the Bonds, and to amortize the principal of the Bonds over the life of the Bond issued; providing, however, that if insufficient funds are available to pay the installments set forth herein, the interest portion of such installments and the payment set forth in this paragraph 2 shall be made simultaneously and without preference to one another before any principal portion of such installments are made.

(3) The Issuer shall next and simultaneously with the payments listed in paragraphs (4) and (5) below, on each date that payment is made, as set out in (2) above, transfer from the Sewer Revenue Fund and deposit with the Depository Bank in the Series 1994 A Sewer Reserve Fund herein established with Depository Bank 1/12 of 1/10 of the amount of principal and interest becoming due on the Bonds in any year until the amount in the Series 1994 A Sewer Reserve Fund equals $22,032.00 for the Series 1994 A Bond such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Series 1994 A Sewer Reserve Fund, the Issuer shall monthly deposit into the Series 1994 A Sewer Reserve Fund such part of the moneys remaining in the Sewer Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Series 1994 A Sewer Reserve Fund. Moneys in the Sewer Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds to said National Finance Office as the same shall become due or for payment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(4) The Issuer shall simultaneously, with the payments listed in (3) above and (5) below on each date that payment is made, as set out in (2) above, transfer from the Sewer Revenue Fund and

deposit with the Depository Bank in the Series 1994 B Sewer Reserve Fund herein established with Depository Bank 1/12 of 1/10 of the amount of principal and interest becoming due on the Bonds in any year until the amount in the Series 1994 B Sewer Reserve Fund equals $2868.00 for the Series 1994 B Bond such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Series 1994 B Sewer Reserve Fund, the Issuer shall monthly deposit into the Series 1994 B Sewer Reserve Fund such part of the moneys remaining in the Sewer Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Series 1994 B Sewer Reserve Fund. Moneys in the Sewer Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds to said National Finance Office as the same shall become due or for payment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(5) The Issuer shall simultaneously, with the payments listed in (3) and (4) above, on each date that payment is made, as set out in (2) above, transfer from the Sewer Revenue Fund and deposit with the Depository Bank in the Series 1994 C Sewer Reserve Fund herein established with Depository Bank 1/12 of 1/10 of the amount of principal and interest becoming due on the Bonds in any year until the amount in the Series 1994 C Sewer Reserve Fund equals $2208.00 for the Series 1994 C Bond such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Series 1994 C Sewer Reserve Fund, the Issuer shall monthly deposit into the Series 1994 C Sewer Reserve Fund such part of the moneys remaining in the Sewer Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Series 1994 C Sewer Reserve Fund. Moneys in the Sewer Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds to said National Finance Office as the same shall become due or for payment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(6) After all the foregoing provisions for use of moneys in the Sewer Revenue Fund have been fully complied with, any moneys remaining therein and not required to be retained therein may be used to prepay installments of the Bonds or for any lawful purpose.

Whenever the moneys in any of the 1994 Sewer Reserve Funds shall be sufficient to prepay the related Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay such Bond at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank (and any successor appointed by the Issuer) is hereby designated as the Fiscal Agent for the administration of the 1994 Sewer Reserve Funds as herein provided, and all amounts required therefor will be deposited therein by the Issuer upon transfers of funds from the Sewer Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such Fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bonds and the interest thereon, but the aforesaid Bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Fund invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board of Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund.

(C) Change of Depository Agent and Fiscal Agent. The Issuer may designate another bank or trust company insured by FDIC as Fiscal Agent and Depository Bank if the aforesaid Bank should cease for any reason to serve or if the Governing Body determines by resolution that said Bank or its successor should no longer serve as Fiscal Agent or Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

(D) User Contracts. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be 167 bona fide users initially upon the System, and must obtain user agreements and the user contribution, if any, from each new user and deposit in the Sewer Project Construction Account all such user contributions collected.

(E) Charges and Fees. The Issuer shall remit from the Revenue Fund to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

(F) Investment of Excess Balances. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, in a lawful manner for securing deposits of state and municipal funds under the laws of the State.

(G) Remittances. All remittances made by the Issuer to the Depository Bank shall clearly identify the fund or account into which each amount is to be deposited.

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

ARTICLE V

GENERAL COVENANTS

Section 5.01. General Statement. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Sewer Reserve Funds a sum sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the annual debt service on the Bonds and to make the payments required herein into the Sewer Reserve Funds and the and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as any of the Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of the revenues of the System or any part thereof shall be issued after the issuance of the Bonds pursuant hereto except with the prior written consent of the Purchaser or the then owner of the Bonds.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Real Property Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bonds.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workers' Compensation Coverage for all Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation insurance will be maintained as required by the laws of the State of West Virginia.

(e) Fidelity Bonds will be provided as to every member of the Governing Body and every officer and employee of the District having custody of the Revenue Fund or of any revenues or other funds of the System in an amount at least equal to the total annual debt service requirements for all outstanding FmHA loans.

(f) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as any of the Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage. For the further protection of the holders of all of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment at the date specified for payment thereof on any of the Bonds;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in any of the Bonds herein or in any other document relating to this issue, or violation of or failure to observe any provision of any pertinent law;

(C) A default of the terms of any Bond shall be considered a default of the other.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights and shall have all rights prescribed by the Act, the West Virginia Code and other applicable law.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The Receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the Court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year; Budget. While any of the Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each fiscal year.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the

amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer further covenants to comply with the Act with respect to such books, records and accounts.

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, RULES, ETC.

Section 6.01. Initial Schedule of Rates and Charges and Rules.

A. The initial schedule of rates and charges for the services and facilities of the System shall be subject to change consonant with the provisions hereof or of future rate resolutions of the

Public Service Commission, shall be as set forth below and in the Orders of the Public Service Commission of West Virginia entered on February 14, 1992 in, Case No. 90-075-PSD-CN, as amended and/or supplemented which order is incorporated herein by reference and made a part hereof and which rates are as follows:

APPLICABILITY

Applicable in entire territory service.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

(A) METERED RATES

Per thousand gallons used per month $6.07

(B) MINIMUM CHARGE

No bill will be rendered for less than $21.25. This is based on 3,500 gallons minimum.

(C) FLAT RATE

$21.25 per month (based on 3,500 gallons)

(D) CONNECTION CHARGE

Before construction - $150.00
Post Construction for residential customers $750.00
Post construction for commercial customers - Actual Cost

(E) RECONNECTION CHARGES

$20.00 - to apply to all users in the event of any reconnection of service where water service was disconnected for nonpayment of sewer bills, or for any other reconnection where customers has failed to pay current sewer charges.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. The Issuer may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

D. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

E. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have such remedies and powers as are provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

F. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other Revenues of the System.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Bonds, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bonds, the Issuer shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such a Financing Statement in the offices of the Secretary of State of West Virginia and of the Clerk of the County Commission of said County.

Section 7.03. Delivery of Bonds. The Chairman and Secretary-Treasurer of the Governing Body are hereby authorized and directed to cause the Series 1994 Bonds, numbered RA-1, RB-1 and RC-1, hereby awarded to the Purchaser pursuant to prior agreement, to be

delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bonds.

Section 7.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.08. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 7.09. Supplemental Resolution. The District may pass such supplemental resolutions, if necessary, to effectuate the purposes and intent of this resolution.

Section 7.10. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted this 13th day of July, 1994.

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, WEST VIRGINIA

By _____
Chairman of Public Service Board

By _____
Member

By _____
Member

(SEAL)

Attest:

By _____
Secretary

CERTIFICATION

I, Patricia Winter, Secretary of the Public Service Board of the Southern Jackson Public Service District, hereby certify that the foregoing is a true and correct copy of the Resolution of a special meeting of said Public Service Board held July 13, 1994. I further hereby certify that the action of said Public Service Board set forth therein remains in full force and effect and has not been amended or repealed.

WITNESS my signature on this 13th day of July 1994.

Patricia Winter
Secretary

STATE OF WEST VIRGINIA,

COUNTY OF JACKSON, TO-WIT:

The foregoing instrument was acknowledged before me this ____ day of July, 1994, by JAMES STOVER, the Chairman of the Southern Jackson County Public Service District, a Public Corporation, on behalf of and as the true act and deed of the Public Service District.

_____
NOTARY PUBLIC

My commission expires _____.

STATE OF WEST VIRGINIA,
JACKSON COUNTY COMMISSION CLERK'S OFFICE, July 19, 19 94 2:51 P. M. FB No. 7062

The foregoing Instrument together with the certificate thereto annexed was this day admitted to record in said office.

Teste: Jeff Waybright, Clerk

By: Shirley Hunt Deputy

SPENCER BUSINESS FORMS CO. INC. - SPENCER/RIPLEY, WV

RESOLUTION TO THE SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, WEST VIRGINIA

Resolution "Finding that the Board of the Southern Jackson County Public Service District, Jackson County, West Virginia (the "Issuer"), adopted a Bond Resolution which Resolution authorized the creation, acquisition and construction of a new sewer system of the Issuer and the financing of the costs thereof, not otherwise provided, through the issuance by the Issuer of Sewer Revenue Bonds, all as more fully set out therein; and ordering that Resolution be final and put into effect; and confirming the interest rates and payment amounts, and other terms of the Bonds, and ratifying execution and delivery of bonds and all bond closing documents and making other provisions as to the Bonds."

WHEREAS, the Board of the Issuer, West Virginia, on July 13, 1994, adopted a Resolution authorizing the creation, acquisition and construction of a new public sewer facility of the Issuer and the financing of the cost, not otherwise provided, thereof through the issuance by the District of Sewer Revenue Bonds, Series 1994 A in the amount of $400,000, 1994 B in the amount of $52,000 and 1994 C in the amount of $40,000, providing for the rights and remedies of and security for the registered owners of such bonds; authorizing the sale and providing for the terms and provisions of such bonds and adopting other provisions relating thereto all as more fully set out therein (said Resolution is hereinafter referred to as the Resolution); and

WHEREAS, the District provided for a closing to be held in the district office at ten o'clock (10:00) a.m. on July 19, 1994; and

WHEREAS, the Resolution provides for the issuance of the Sewer Revenue Bonds, Series 1994 A, B and C (the "Bonds") with the dates, interest rates, maturities, sale prices and other terms of the Bonds; and

WHEREAS, the Bonds are proposed to be purchased by the United States of America, Farmers Home Administration and delivered when FmHA is prepared to accept delivery; and

WHEREAS, the Board (the "Board") of the Issuer deems it desirable that this resolution be adopted and that the Resolution and this Resolution be ratified and put into full force and effect, that the Bonds be delivered, and that other matters relating to the Bond be herein provided for.

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

Section 1. It is hereby found and determined:

That the Bond Resolution shall be ratified and put into effect and that the Bonds contemplated thereby shall be issued and

delivered under the conditions provided therefor.

Section 2. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized, ordered and confirmed to be issued the Sewer Revenue Bonds, Series 1994 A, B and C in the aggregate principal amounts of, Series A $400,000, Series B $52,000 and Series C $40,000 (the "Bonds"), all dated July 19, 1994 and in the form set forth below and in the Resolution:

The Bonds of the Issuer shall be originally issued in the forms of single bonds, numbered RA-1, RB-1 and RC-1. The Bonds shall all be dated the date of delivery thereof, shall bear interest at the rate of 4.5% per annum, payable and interest, and shall be payable in installments at the time and the amounts set out in the Bonds and described in the Resolution.

Section 3. All other provisions relating to the Bonds shall be as provided in the Resolution and the Bonds shall be in substantially the form provided in the Resolution with such changes, insertion and omissions as may be approved by the ~~President~~ Chairman of the Issuer. The execution of the Bonds by the ~~President~~ Chairman of shall be conclusive evidence of such approval.

Section 4. The ~~President~~ Chairman J.S. and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates, required or desirable in connection with the Bonds and the Resolution.

Section 5. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 6. This supplemental Resolution shall be effective immediately upon adoption.

Motion Made and Unanimously Approved on the 19th day of July 1994.

SOUTHERN JACKSON COUNTY
PUBLIC SERVICE DISTRICT

James L. Stover
~~President~~
Chairman (J.S.)

ATTEST:

Patricia Winter
Secretary

$2,888,924
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA INFRASTRUCTURE FUND)

REGISTRY

BOND NO.	AMOUNT	HOLDER	DATE ISSUED
R-1	$2,888,924	West Virginia Water Development Authority	May 30, 2002

$2,888,924
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2002
(WEST VIRGINIA INFRASTRUCTURE FUND)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

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

1. On the 30th day of May, 2002, at Charleston, West Virginia, the Authority received the Southern Jackson County Public Service District, Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund), issued as a single, fully-registered bond, numbered R-1, in the principal amount of $2,888,924, dated as of the date hereof (the "Bond"). The Bond represents the entire above-captioned Bond issue.

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

3. The District hereby acknowledges receipt from the Authority of the sum of $138,940, being a portion of the aggregate principal amount of the Bond. The balance of the principal amount of the Bond will be advanced by the Authority and the Council to the District as acquisition and construction of the Project progresses.

WITNESS our signatures on this 30th day of May, 2002.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY,
on behalf of the West Virginia Infrastructure and Jobs Development Council

By: _____
Director

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

By: _____
Chairman

IC-1
(10/2/01)

LOAN AGREEMENT

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

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Department of Environmental Protection, or any successor thereto.

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in

accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority and Council having found, to the extent applicable, that the Project is consistent with the Act.

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

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

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

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

2.6 The Governmental Agency agrees that it will permit the Authority and the Council and their agents and representatives to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of

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

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

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

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

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

Council shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit A;

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

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

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

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

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

(i) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and

acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of projects and satisfactory to the Authority and the Council, to such effect, such certificate to be in form and substance satisfactory to the Authority and the Council, and evidence satisfactory to the Authority and the Council of such irrevocably committed grants.

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

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

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

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account; and

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

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

(b) Covenants substantially as follows:

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

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

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net

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

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

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

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

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

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

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

(xii) That the Governmental Agency shall annually adopt a detailed, balanced budget of the estimated revenues and expenditures for operation and

maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof;

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

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

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

(xvi) That the West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for the Local Bonds;

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

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

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

(xx) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

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

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

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

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

any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

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

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

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

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

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

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

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the bonds which are the source of money used to purchase the Local Bonds, unless otherwise agreed to by the Council.

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the Council if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

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

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

(SEAL)

By: James L Hall
Its: Chairperson

Attest: Date: 5/30/02

Brenda Hurt-Westfall
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Lyntkoski
Its: Director

Attest: Date: 5/30/02

Barbara B Meadows
Its: Secretary-Treasurer

00832/00466
05/14/02

M0365673.1

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained that".

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

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

[Form of Monthly Financial Report]
[Name of Governmental Agency]
[Name of Bond Issue]
Fiscal Year - __
Report Month: _____

ITEM	CURRENT MONTH	TOTAL YEAR TO DATE	BUDGET YEAR TO DATE	BUDGET YEAR MINUS YEAR TO DATE
1. Gross Revenues Collected				
2. Operating Expenses				
3. Other Bond Debt Payments (including Reserve Account Deposits)				
4. Bond Payments (include Reserve Account Deposits)				
5. Renewal and Replacement Fund Deposit				

Witnesseth my signature this ___ day of _____, _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Instructions for Completing Monthly Financial Report

1. You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual gross revenues for the current month and the total amount year to date in the respective columns. Divide the budgeted annual gross revenues by 12. For example, if gross revenues of $1,200 are anticipated to be received for the year, each month the base would be increased by $100 (1200/12). This is the incremental amount for the Budget Year to Date column.

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

3. In Item 3, provide the principal, interest and reserve account payments for all the outstanding bonds of the Governmental Agency other than this Loan.

4. In Item 4, provide the principal, interest and reserve account payments for this Loan. You need to call the Municipal Bond Commission for the exact amount of these payments and when they begin.

5. In Item 5, provide the amount deposited into the Renewal and Replacement Fund each month. This amount is equal to 2.5% of gross revenues minus the total reserve account payments included in Items 3 and 4. If gross revenues are $12,000, the Renewal and Replacement Fund should have an amount of $300 (2.5% of $12,000), LESS the amount of all reserve account payments in Items 3 & 4. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

6. The Governmental Agency must complete the Monthly Financial Report and forward it to the Council by the 10th day of each month, commencing on the date contracts are executed for the construction of the Project and for 2 years following the completion of the Project. The Council will notify the Governmental Agency when the Monthly Financial Report no longer needs to be filed.

EXHIBIT D

[Monthly Payment Form]

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	$_____
Principal	$_____
Total:	$_____
Reserve Account:	$_____

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$2,888,924
Purchase Price of Local Bonds	$2,888,924

The Local Bonds shall bear no interest. Commencing June 1, 2004, principal of the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

1. Sewer System Revenue Bonds, Series 1994 A, dated July 19, 1994, issued in the original principal amount of $400,000.

2. Sewer System Revenue Bonds, Series 1994 B, dated July 19, 1994, issued in the original principal amount of $52,000.

3. Sewer System Revenue Bonds, Series 1994 C, dated July 19, 1994, issued in the original principal amount of $40,000.

SCHEDULE Y

Southern Jackson Public Service District (West Virginia)
Loan of $2,888,924
40 Years, 0% Interest Rate
Closing Date: May 30, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2002	-	-	-
9/01/2002	-	-	-
12/01/2002	-	-	-
3/01/2003	-	-	-
6/01/2003	-	-	-
9/01/2003	-	-	-
12/01/2003	-	-	-
3/01/2004	-	-	-
6/01/2004	19,006.08	-	19,006.08
9/01/2004	19,006.08	-	19,006.08
12/01/2004	19,006.08	-	19,006.08
3/01/2005	19,006.08	-	19,006.08
6/01/2005	19,006.08	-	19,006.08
9/01/2005	19,006.08	-	19,006.08
12/01/2005	19,006.08	-	19,006.08
3/01/2006	19,006.08	-	19,006.08
6/01/2006	19,006.08	-	19,006.08
9/01/2006	19,006.08	-	19,006.08
12/01/2006	19,006.08	-	19,006.08
3/01/2007	19,006.08	-	19,006.08
6/01/2007	19,006.08	-	19,006.08
9/01/2007	19,006.08	-	19,006.08
12/01/2007	19,006.08	-	19,006.08
3/01/2008	19,006.08	-	19,006.08
6/01/2008	19,006.08	-	19,006.08
9/01/2008	19,006.08	-	19,006.08
12/01/2008	19,006.08	-	19,006.08
3/01/2009	19,006.08	-	19,006.08
6/01/2009	19,006.08	-	19,006.08
9/01/2009	19,006.08	-	19,006.08
12/01/2009	19,006.08	-	19,006.08
3/01/2010	19,006.08	-	19,006.08
6/01/2010	19,006.08	-	19,006.08
9/01/2010	19,006.08	-	19,006.08
12/01/2010	19,006.08	-	19,006.08
3/01/2011	19,006.08	-	19,006.08
6/01/2011	19,006.08	-	19,006.08
9/01/2011	19,006.08	-	19,006.08
12/01/2011	19,006.08	-	19,006.08
3/01/2012	19,006.08	-	19,006.08
6/01/2012	19,006.08	-	19,006.08
9/01/2012	19,006.08	-	19,006.08
12/01/2012	19,006.08	-	19,006.08
3/01/2013	19,006.08	-	19,006.08
6/01/2013	19,006.08	-	19,006.08
9/01/2013	19,006.08	-	19,006.08
12/01/2013	19,006.08	-	19,006.08

Ferris, Baker Watts
West Virginia Public Finance Office

File = Southern Jackson PSD Loans.sf-IF 5-13-02
5/13/2002 4:16 PM

Southern Jackson Public Service District (West Virginia)

Loan of $2,888,924
40 Years, 0% Interest Rate
Closing Date: May 30, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2014	19,006.08	-	19,006.08
6/01/2014	19,006.08	-	19,006.08
9/01/2014	19,006.08	-	19,006.08
12/01/2014	19,006.08	-	19,006.08
3/01/2015	19,006.08	-	19,006.08
6/01/2015	19,006.08	-	19,006.08
9/01/2015	19,006.08	-	19,006.08
12/01/2015	19,006.08	-	19,006.08
3/01/2016	19,006.08	-	19,006.08
6/01/2016	19,006.08	-	19,006.08
9/01/2016	19,006.08	-	19,006.08
12/01/2016	19,006.08	-	19,006.08
3/01/2017	19,006.08	-	19,006.08
6/01/2017	19,006.08	-	19,006.08
9/01/2017	19,006.08	-	19,006.08
12/01/2017	19,006.08	-	19,006.08
3/01/2018	19,006.08	-	19,006.08
6/01/2018	19,006.08	-	19,006.08
9/01/2018	19,006.08	-	19,006.08
12/01/2018	19,006.08	-	19,006.08
3/01/2019	19,006.08	-	19,006.08
6/01/2019	19,006.08	-	19,006.08
9/01/2019	19,006.08	-	19,006.08
12/01/2019	19,006.08	-	19,006.08
3/01/2020	19,006.08	-	19,006.08
6/01/2020	19,006.08	-	19,006.08
9/01/2020	19,006.08	-	19,006.08
12/01/2020	19,006.08	-	19,006.08
3/01/2021	19,006.08	-	19,006.08
6/01/2021	19,006.08	-	19,006.08
9/01/2021	19,006.08	-	19,006.08
12/01/2021	19,006.08	-	19,006.08
3/01/2022	19,006.08	-	19,006.08
6/01/2022	19,006.08	-	19,006.08
9/01/2022	19,006.08	-	19,006.08
12/01/2022	19,006.08	-	19,006.08
3/01/2023	19,006.08	-	19,006.08
6/01/2023	19,006.08	-	19,006.08
9/01/2023	19,006.08	-	19,006.08
12/01/2023	19,006.08	-	19,006.08
3/01/2024	19,006.08	-	19,006.08
6/01/2024	19,006.08	-	19,006.08
9/01/2024	19,006.08	-	19,006.08
12/01/2024	19,006.08	-	19,006.08
3/01/2025	19,006.08	-	19,006.08
6/01/2025	19,006.08	-	19,006.08
9/01/2025	19,006.08	-	19,006.08

Southern Jackson Public Service District (West Virginia)

Loan of $2,888,924
40 Years, 0% Interest Rate
Closing Date: May 30, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2025	19,006.08	-	19,006.08
3/01/2026	19,006.08	-	19,006.08
6/01/2026	19,006.08	-	19,006.08
9/01/2026	19,006.08	-	19,006.08
12/01/2026	19,006.08	-	19,006.08
3/01/2027	19,006.08	-	19,006.08
6/01/2027	19,006.08	-	19,006.08
9/01/2027	19,006.08	-	19,006.08
12/01/2027	19,006.08	-	19,006.08
3/01/2028	19,006.08	-	19,006.08
6/01/2028	19,006.08	-	19,006.08
9/01/2028	19,006.08	-	19,006.08
12/01/2028	19,006.08	-	19,006.08
3/01/2029	19,006.08	-	19,006.08
6/01/2029	19,006.08	-	19,006.08
9/01/2029	19,006.08	-	19,006.08
12/01/2029	19,006.08	-	19,006.08
3/01/2030	19,006.08	-	19,006.08
6/01/2030	19,006.08	-	19,006.08
9/01/2030	19,006.08	-	19,006.08
12/01/2030	19,006.08	-	19,006.08
3/01/2031	19,006.08	-	19,006.08
6/01/2031	19,006.08	-	19,006.08
9/01/2031	19,006.08	-	19,006.08
12/01/2031	19,006.08	-	19,006.08
3/01/2032	19,006.08	-	19,006.08
6/01/2032	19,006.08	-	19,006.08
9/01/2032	19,006.08	-	19,006.08
12/01/2032	19,006.08	-	19,006.08
3/01/2033	19,006.08	-	19,006.08
6/01/2033	19,006.08	-	19,006.08
9/01/2033	19,006.08	-	19,006.08
12/01/2033	19,006.08	-	19,006.08
3/01/2034	19,006.08	-	19,006.08
6/01/2034	19,006.08	-	19,006.08
9/01/2034	19,006.08	-	19,006.08
12/01/2034	19,006.08	-	19,006.08
3/01/2035	19,006.08	-	19,006.08
6/01/2035	19,006.08	-	19,006.08
9/01/2035	19,006.08	-	19,006.08
12/01/2035	19,006.08	-	19,006.08
3/01/2036	19,006.08	-	19,006.08
6/01/2036	19,006.08	-	19,006.08
9/01/2036	19,006.08	-	19,006.08
12/01/2036	19,006.08	-	19,006.08
3/01/2037	19,006.08	-	19,006.08
6/01/2037	19,006.08	-	19,006.08

Southern Jackson Public Service District (West Virginia)

Loan of $2,888,924
40 Years, 0% Interest Rate
Closing Date: May 30, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2037	19,006.08	-	19,006.08
12/01/2037	19,006.08	-	19,006.08
3/01/2038	19,006.08	-	19,006.08
6/01/2038	19,006.07	-	19,006.07
9/01/2038	19,006.07	-	19,006.07
12/01/2038	19,006.07	-	19,006.07
3/01/2039	19,006.07	-	19,006.07
6/01/2039	19,006.07	-	19,006.07
9/01/2039	19,006.07	-	19,006.07
12/01/2039	19,006.07	-	19,006.07
3/01/2040	19,006.07	-	19,006.07
6/01/2040	19,006.07	-	19,006.07
9/01/2040	19,006.07	-	19,006.07
12/01/2040	19,006.07	-	19,006.07
3/01/2041	19,006.07	-	19,006.07
6/01/2041	19,006.07	-	19,006.07
9/01/2041	19,006.07	-	19,006.07
12/01/2041	19,006.07	-	19,006.07
3/01/2042	19,006.07	-	19,006.07
Total	**2,888,924.00**	**-**	**2,888,924.00**

YIELD STATISTICS

Bond Year Dollars	$60,314.31
Average Life	20.878 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	8.46E-11
Bond Yield for Arbitrage Purposes	8.46E-11
All Inclusive Cost (AIC)	8.46E-11

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	20.878 Years

SCHEDULE Z

None.

WRD 1A-82
Revised 11/97

COPY

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

Permit No.: WV0084468

Subject: Sewage Facilities

Issue Date: May 21, 1999

Effective Date: June 21, 1999

Expiration Date: May 20, 2004

Supersedes: WV/NPDES Permit No.WV0084468 Issue Date June 17, 1994

Location:	near Kenna	Jackson	Ohio
	(City)	**(County)**	**(Drainage Basin)**

Outlets: 001

Latitude: 38° 44′ 00″ North
Longitude: 81° 43′ 28″ West

To whom it may concern:

This is to certify that Southern Jackson County Public Service District
P.O. Box 57
Kenna, WV 25248

is hereby granted a NPDES Water Pollution Control Permit to operate and maintain an existing 113,000 gallon per day sewage collection and treatment system consisting of 13,640 linear feet of eight (8) inch PVC variable gradient sewer line, 4,320 linear feet of six (6) inch PVC variable gradient sewer line, 31,200 linear feet of four (4) inch PVC variable gradient sewer line, necessary interceptor tanks, 10 manholes and 50 cleanouts, two (2) lift stations, 1,200 linear feet of six (6) inch force main, 3,400 linear feet of four (4) inch force main, and all requisite appurtenances.

The wastewater treatment plant is comprised of two (2) aerated lagoons with volumes of 2.3 million gallon each (170 ft X 272 ft), curtain baffling separating each lagoon into two (2) cells, 26 aerators, an ultraviolet disinfection unit, post aeration, un ultrasonic effluent flow meter, septage receiving facilities and all necessary appurtenances.

(Continued on Page 2)

The system is designed to serve 1,612 person within the Southern Jackson County PSD and discharge the treated wastewater to Grasslick Creek (7.6 miles from its mouth) of Tug Fork of Mill of the Ohio River.

This permit is subject to the following terms and conditions:
The information submitted on and with Permit Application No. WV0084468 dated the 15th day of December 1998, and additional information is received on 4th day of February 1999 are all hereby made terms and conditions of this Permit with like effect as if all such permit application information were set forth herein and with other conditions set forth in Sections A, B, C, and Appendix A.

The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

P.O. Box 57 • Kenna, WV 25248 • (304) 372-2622

COPY

Bill B- FYI

23rd
May
2002

WV Board of Risk & Insurance Management
4501 MacCorkle Avenue, SW, Suite 300
South Charleston, WV 25309

Attention: Tenicia/ext. 101
Fax # 304-766-2653

RE: Additional Insured

Pursuant to our phone conversation this morning, as a requirement of our funding for a wastewater extension project, it is requested that an additional insured be included as follows:

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

Please mail *Certificate of Insurance* documenting this to:

William K. Bragg Esquire
Goodwin & Goodwin, LLP
P.O. Box 2107
Charleston, WV 25328-2107

Also, fax copy to:

Southern Jackson County Public Service District
Attention: Dannie Raines, General Manager
FAX no. 304-372-8476

Your attention to this request is greatly appreciated!

Brenda Winters
SJCPSD Board Secretary

CLOSING MEMORANDUM

To: **Barbara Meadows**
Katy Mallory
Witter Hallan
Dannie Raines
Samme Gee

From: **Bill Bragg**

Date: **May 30, 2002**

Re: **Southern Jackson County Public Service District Sewer Revenue Bond, Series 2002 (West Virginia Infrastructure Fund)**

1. DISBURSEMENTS TO DISTRICT

Payor:	West Virginia Infrastructure and Jobs Development Council
Source:	Series 2002 Bond Proceeds
Amount:	$138,940.00
Date:	May 30, 2002
Form:	Wire Transfer
Payee:	Southern Jackson County Public Service District
Bank:	City National Bank
Routing No.:	051904524
Account No.:	8002046954
Account:	Project Account

jurisdiction and authority provided by this section does not extend to highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways and no rates, fees or charges for stormwater services or costs of compliance may be assessed against highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways. (1955, c. 135; 1967, c. 105; 1994, c. 61; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, substituted "the" for "such" throughout, substituted "the" for "said" throughout, inserted "fees" following "rates" throughout; in the first paragraph, inserted "and/or stormwater system" following "existing sewer system", inserted "or stormwater system" following "such sewer system"; in the second paragraph, inserted "or stormwater" following "sewage", inserted "or stormwater facilities" following "sewer facilities"; in the fourth paragraph, added "or entire stormwater works" to the end; in the sixth paragraph, deleted "such" following "fixing" and "publication of"; in the eighth paragraph, deleted "such" preceding "rates" twice; and in the last paragraph, added the proviso.

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

§ 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, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.
16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.
16-13A-3a. Removal of members of public service board.
16-13A-4. Board chairman; members' compensation; procedure; district name.
16-13A-5. General manager of board.
16-13A-6. Employees of board.
16-13A-7. Acquisition and operation of district properties.
16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.
16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.
16-13A-9a. Limitations with respect to foreclosure.

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

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

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

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).

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).

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

Cited in Berkeley County Pub. Serv. Dist. v. Vitro Corp. of Am., 152 W. Va. 252, 162 S.E.2d 189 (1968); State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987); McClung Invs., Inc. v. Green Valley Community Pub. Serv. Dist, 199 W. Va. 490, 485 S.E.2d 434 (1997).

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§ 16-13A-1. Legislative findings.

The Legislature of the state of West Virginia hereby determines and finds that the present system of public service districts within the state has provided a valuable service at a reasonable cost to persons who would otherwise have been unable to obtain public utility services. To further this 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 commission 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.)

Authority of county commissions. — 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.

Public service district — Authority. — 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. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647 (1973).

Public service district — Purpose. — 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.

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.)

Cited in State ex rel. Water Dev. Auth. v. Northern Wayne County Pub. Serv. Dist., 195 W. Va. 135, 464 S.E.2d 777 (1995).

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

Each county commission shall conduct a study of all public service districts which have their principal offices within its county and shall develop a plan relating to the creation, consolidation, merger, expansion or dissolution of such districts or the consolidation or merger of management and administrative services and personnel and shall present such plan to the public service commission for approval, disapproval, or modification: Provided, That within ninety days of the effective date of this section each county commission in this state shall elect either to perform its own study or request that the public service commission perform such study. Each county commission electing to perform its own study has one year from the date of election to present such plan to the public service commission. For each county wherein the county commission elects not to perform its own study, the public service commission shall conduct a study of such county. The public service commission shall establish a schedule for such studies upon a priority basis, with those counties perceived to have the greatest need of creation or consolidation of public service districts receiving the highest priority. In establishing the priority schedule, and in the performance of each study, the bureau of public health and the division of environmental protection shall offer their assistance and cooperation to the public service commission. Upon completion by the public service commission of each study, it shall be submitted to the appropriate county commission for review and comment. Each county commission has six months in which to review the study conducted by the public service commission, suggest changes or modifications thereof, and present such plan to the public service commission. All county plans, whether conducted by the county commission itself or submitted as a result of a public service commission study, shall, by order, be approved, disapproved or modified by the public service commission in accordance with rules promulgated by the public service commission and such order shall be implemented by the county commission. (1986, c. 81; 1994, c. 61.)

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

Any territory constituting the whole or any part of one or more counties in the state so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of, properties supplying water 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, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.

(a) The county commission of any county may propose the creation, enlargement, reduction, merger, dissolution, or consolidation of a public service district by any of the following methods: (1) on its own motion by order duly adopted, (2) upon the recommendation of the public service commission, or (3) by petition of twenty-five percent of the registered voters who reside within the limits of the proposed public service district within one or more counties. The petition shall contain a description, including metes and bounds, sufficient to identify the territory to be embraced therein and the name of such proposed district: Provided, That after the effective date of this section, no new public service district shall be created, enlarged, reduced, merged, dissolved or consolidated under this section without the written consent and approval of the public service commission, which approval and consent shall be in accordance with rules promulgated by the public service commission and may only be requested after consent is given by the appropriate county commission or commissions pursuant to this section. Any territory may be included regardless of whether or not the territory includes one or more cities, incorporated towns or other municipal corporations which own and operate any public service properties and regardless of whether or not it includes one or more cities, incorporated towns or other municipal corporations being served by privately owned public service properties: Provided, however, That the same territory shall not be included within the boundaries of more than one public service district except where the territory or part thereof is included within the boundaries of a separate public service district organized to supply water, sewerage services or gas facilities not being furnished within such territory or part thereof: Provided further, That no city, incorporated town or other municipal corporation shall be included within the boundaries of the proposed district except upon the adoption of a resolution of the governing body of the city, incorporated town or other municipal corporation consenting.

(b) The petition shall be filed in the office of the clerk of the county commission of the county in which the territory to constitute the proposed district is situated, and if the territory is situated in more than one county, then the petition shall be filed in the office of the clerk of the county

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

(c) When the county commission of any county enters an order on its own motion proposing the creation, enlargement, reduction, merger, dissolution or consolidation of a public service district, as aforesaid, or when a petition for the creation is presented, as aforesaid, the county commission shall at the same session fix a date of hearing in the county on the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed public service district, which date so fixed shall be not more than forty days nor less than twenty days from the date of the action. If the territory proposed to be included is situated in more than one county, the county commission, when fixing a date of hearing, shall provide for notifying the county commission and clerk thereof of each of the other counties into which the territory extends of the date so fixed. The clerk of the county commission of each county in which any territory in the proposed public service district is located shall cause notice of the hearing and the time and place thereof, and setting forth a description of all of the territory proposed to be included therein to be given by publication as a Class I legal advertisement in compliance with the provisions of article three [§§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for the publication shall be by publication in each city, incorporated town or municipal corporation if available in each county in which any territory in the proposed public service district is located. The publication shall be at least ten days prior to the hearing.

(d) In all cases where proceedings for the creation, enlargement, reduction, merger, dissolution or consolidation of the public service districts are initiated by petition as aforesaid, the person filing the petition shall advance or satisfactorily indemnify the payment of the cost and expenses of publishing the hearing notice, and otherwise the costs and expenses of the notice shall be paid in the first instance by the county commission out of contingent funds or any other funds available or made available for that purpose. In addition to the notice required herein to be published, there shall also be posted in at least five conspicuous places in the proposed public service district, a notice containing the same information as is contained in the published notice. The posted notices shall be posted not less than ten days before the hearing.

(e) All persons residing in or owning or having any interest in property in the proposed public service district shall have an opportunity to be heard for and against its creation, enlargement, reduction, merger, dissolution or consolidation. At the hearing the county commission before which the hearing is conducted shall consider and determine the feasibility of the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district. If the county commission determines that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement and

extension of public service properties by the public service district will be conducive to the preservation of public health, comfort and convenience of such area, the county commission shall by order create, enlarge, reduce, merge, dissolve or consolidate such public service district. If the county commission, after due consideration, determines that the proposed district will not be conducive to the preservation of public health, comfort or convenience of the area or that the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district as set forth and described in the petition or order is not feasible, it may refuse to enter an order creating the district or it may enter an order amending the description of the proposed district and create, enlarge, reduce, merge, dissolve or consolidate the district as amended.

(f) If the county commission determines that any other public service district or districts can adequately serve the area of the proposed public service district, whether by enlargement, reduction, merger, dissolution or consolidation, it shall refuse to enter the order, but shall enter an order creating, enlarging, reducing, merging, dissolving or consolidating the area with an existing public service district, in accordance with rules adopted by the public service commission for such purpose: Provided, That no enlargement of a public service district may occur if the present or proposed physical facilities of the public service district are determined by the appropriate county commission or the public service commission to be inadequate to provide such enlarged service. The clerk of the county commission of each county into which any part of such district extends shall retain in his office an authentic copy of the order creating, enlarging, reducing, merging, dissolving or consolidating the district: Provided, however, That within ten days after the entry of an order creating, enlarging, reducing, merging, dissolving or consolidating a district, such order must be filed for review and approval by the public service commission. The public service commission 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 relating to such filings and the approval, disapproval or modification of county commission orders for creating, enlarging, merging, dissolving or consolidating districts. The provisions of this section shall not apply to the implementation by a county commission of an order issued by the public service commission pursuant to this section and section one-b [§ 16-13A-1b] of this article.

(g) The county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where facilities, equipment, service or materials have not been extended, or dissolve the district if inactive or create or consolidate two or more such districts. If consolidation of districts is not feasible, the county commission may consolidate and centralize management and administration of districts within its county or multi-county area to achieve efficiency of operations: Provided, That where the county commission determines on its own motion by order entered of record, or there is a petition to enlarge the district, merge and consolidate districts, or the management and administration thereof, reduce the area of the district or dissolve the district if inactive,

all of the applicable provisions of this article providing for hearing, notice of hearing and approval by the public service commission shall apply. The commission shall at all times attempt to bring about the enlargement or merger of existing public service districts in order to provide increased services and to eliminate the need for creation of new public service districts in those areas which are not currently serviced by a public service district: Provided, however, That where two or more public service districts are consolidated pursuant to this section, any rate differentials may continue for the period of bonded indebtedness incurred prior to consolidation. The districts may not enter into any agreement, contract or covenant that infringes upon, impairs, abridges or usurps the duties, rights or powers of the county commission, as set forth in this article, or conflicts with any provision of this article.

(h) A list of all districts and their current board members shall be filed by the county commission with the secretary of state and the public service commission by the first day of July of each year. (1953, c. 147; 1965, c. 134; 1967, c. 105; 1975, c. 140; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1995, c. 125.)

Editor's notes. — Concerning the reference in (a) to "the effective date of this section," this language was added by Acts 1986, c. 81, and became effective June 6, 1986.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

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

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).

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

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

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

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

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

Overlapping districts. — Where there is no bond indebtedness outstanding to be paid by a public service district, the county commission creating a public service district may 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.

Public corporation. — A public service

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

Referendum. — There is no authority for voters, by written protest or otherwise, to force a referendum upon the issue of whether or not a created public service district should be continued or abolished. 52 Op. Att'y Gen. 33 (1966).

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

Applied in Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201 (1998).

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

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

From and after the date of the adoption of the order creating any public service district, it is a public corporation and political subdivision of the state, but without any power to levy or collect ad valorem taxes. Each district may acquire, own and hold property, both real and personal, in its corporate name, and may sue, may be sued, may adopt an official seal and may enter into contracts necessary or incidental to its purposes, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing wholesale supply of water for the distribution system of the city, town or other municipal corporation, and contract for the operation, maintenance, servicing, repair and extension of any properties owned by it or for the operation and improvement or extension by the district of all or any part of the existing municipally owned public service properties of any city, incorporated town or other municipal corporation included within the district: Provided, That no contract shall extend beyond a maximum of forty years, but provisions may be included therein for a renewal or successive renewals thereof and shall conform to and comply with the rights of the holders of any outstanding bonds issued by the municipalities for the public service properties.

The powers of each public service district shall be vested in and exercised by a public service board consisting of not less than three members, who shall be persons residing within the district, who possess certain educational, business or work experience which will be conducive to operating a public service district. Each board member shall, within six months of taking office, successfully complete the training program to be established and administered by the public service commission in conjunction with the division of environmental protection and the bureau of public health. Board members shall not be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service, or in furnishing any supplies or materials to the district nor shall a former board member be hired by the district in any capacity within a minimum of twelve months after board member's term has expired or such board member has resigned from the district board. The members shall be appointed in the following manner:

Each city, incorporated town or other municipal corporation having a population of more than three thousand but less than eighteen thousand is

entitled to appoint one member of the board, and each city, incorporated town or other municipal corporation having a population in excess of eighteen thousand shall be entitled to appoint one additional member of the board for each additional eighteen thousand population. The members of the board representing such cities, incorporated towns or other municipal corporations shall be residents thereof and shall be appointed by a resolution of the governing bodies thereof and upon the filing of a certified copy or copies of the resolution or resolutions in the office of the clerk of the county commission which entered the order creating the district, the persons so appointed become members of the board without any further act or proceedings. If the number of members of the board so appointed by the governing bodies of cities, incorporated towns or other municipal corporations included in the district equals or exceeds three, then no further members shall be appointed to the board and the members so appointed are the board of the district except in cases of merger or consolidation where the number of board members may equal five.

If no city, incorporated town or other municipal corporation having a population of more than three thousand is included within the district, then the county commission which entered the order creating the district shall appoint three members of the board, who are persons residing within the district and residing within the state of West Virginia, which three members become members of the board of the district without any further act or proceedings except in cases of merger or consolidation where the number of board members may equal five.

If the number of members of the board appointed by the governing bodies of cities, incorporated towns or other municipal corporations included within the district is less than three, then the county commission which entered the order creating the district shall appoint such additional member or members of the board, who are persons residing within the district, as is necessary to make the number of members of the board equal three except in cases of merger or consolidation where the number of board members may equal five, and the member or members appointed by the governing bodies of the cities, incorporated towns or other municipal corporations included within the district and the additional member or members appointed by the county commission as aforesaid, are the board of the district. A person may serve as a member of the board in one or more public service districts.

The population of any city, incorporated town or other municipal corporation, for the purpose of determining the number of members of the board, if any, to be appointed by the governing body or bodies thereof, is the population stated for such city, incorporated town or other municipal corporation in the last official federal census.

Notwithstanding any provision of this code to the contrary, whenever a district is consolidated or merged pursuant to section two [§ 16-13A-2] of this article, the terms of office of the existing board members shall end on the effective date of the merger or consolidation. The county commission shall appoint a new board according to rules promulgated by the public service commission. Whenever districts are consolidated or merged no provision of this code prohibits the expansion of membership on the new board to five.

The respective terms of office of the members of the first board shall be fixed by the county commission and shall be as equally divided as may be, that is approximately one third of the members for a term of two years, a like number for a term of four years, the term of the remaining member or members for six years, from the first day of the month during which the appointments are made. The first members of the board appointed as aforesaid shall meet at the office of the clerk of the county commission which entered the order creating the district as soon as practicable after the appointments and shall qualify by taking an oath of office: Provided, That any member or members of the board may be removed from their respective office as provided in section three-a [§ 16-13A-3a] of this article.

Any vacancy shall be filled for the unexpired term within thirty days, otherwise successor members of the board shall be appointed for terms of six years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be appointed in the same manner as the member succeeded was appointed. The district shall provide to the public service commission, within thirty days of the appointment, the following information: The new board member's name, home address, home and office phone numbers, date of appointment, length of term, who the new member replaces and if the new appointee has previously served on the board. The public service commission shall notify each new board member of the legal obligation to attend training as prescribed in this section.

The board shall organize within thirty days following the first appointments and annually thereafter at its first meeting after the first day of January of each year by selecting one of its members to serve as chair and by appointing a secretary and a treasurer who need not be members of the board. The secretary shall keep a record of all proceedings of the board which shall be available for inspection as other public records. Duplicate records shall be filed with the county commission and shall include the minutes of all board meetings. The treasurer is lawful custodian of all funds of the public service district and shall pay same out on orders authorized or approved by the board. The secretary and treasurer shall perform other duties appertaining to the affairs of the district and shall receive salaries as shall be prescribed by the board. The treasurer shall furnish bond in an amount to be fixed by the board for the use and benefit of the district.

The members of the board, and the chair, secretary and treasurer thereof, shall make available to the county commission, at all times, all of its books and records pertaining to the district's operation, finances and affairs, for inspection and audit. The board shall meet at least monthly. (1953, c. 147; 1965, c. 134; 1971, c. 72; 1981, c. 124; 1983, c. 166; 1986, c. 81; 1994, c. 61; 1997, c. 159.)

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

W. Va. Law Review. — Fisher, "The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ?," 98 W. Va. L. Rev. 449 (1996).

Authority of districts. — Public service districts are agents of the county commission by which they were created, having no authority other than that expressly set out in this article. Op. Att'y Gen., July 8, 1976.

Compensation for additional duties. — Board members of a public service district could not be compensated for performing the duties of treasurer and/or secretary, or for reading

meters for the public service district. Op. Att'y Gen., July 14, 1988, No. 2.

Exemptions. — Public service districts of West Virginia are political subdivisions of the State, and as such, they are specifically, by express statute, exempted from the duty of paying registration fees (provided by § 17A-10-8), the privilege tax (imposed by § 17A-3-4), and the certificate of title charge (required by § 17A-3-4). 49 Op. Att'y Gen. 131 (1961).

Furnishing water to another state. — A public service district may furnish water wholesale in bulk quantities to a municipal corporation in another state. 51 Op. Att'y Gen. 739 (1966).

Applied in McCloud v. Salt Rock Water Pub. Serv. Dist., 207 W. Va. 453, 533 S.E.2d 679 (2000).

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

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

Quoted in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395 (1987).

§ 16-13A-4. Board chairman; members' compensation; procedure; district name.

(a) The chairman shall preside at all meetings of the board and may vote as any other member of the board. If the chairman is absent from any meeting, the remaining members may select a temporary chairman and if the member selected as chairman resigns as such or ceases for any reason to be a member of the board, the board shall select one of its members as chairman to serve until the next annual organization meeting.

(b) Salaries of the board members are:

(1) For districts with fewer than six hundred customers, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per

attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with six hundred customers or more but fewer than two thousand customers, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with two thousand customers or more, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with four thousand or more customers, up to one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum.

The public service district shall certify the number of customers served to the public service commission beginning on the first day of July, one thousand nine hundred eighty-six, and continue each fiscal year thereafter.

(c) Public service districts selling water to other water utilities for resale may adopt the following salaries for its board members:

(1) For districts with annual revenues of less than fifty thousand dollars, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with annual revenues of fifty thousand dollars or more, but less than two hundred fifty thousand dollars, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with annual revenues of two hundred fifty thousand dollars or more, but less than five hundred thousand dollars, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with annual revenues of five hundred thousand dollars or more, up to one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum.

The public service district shall certify the number of customers served and its annual revenue to the public service commission beginning on the first day of July, two thousand, and continue each fiscal year thereafter.

(d) Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties as provided for by the rules of the board.

(e) The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings

may be called. Public notice of meetings shall be given in accordance with section three [§ 6-9A-3], article nine-a, chapter six of this code. Emergency meetings may be called as provided for by said section. A majority of the members constituting the board also constitute a quorum to do business.

(f) The members of the board are not personally liable or responsible for any obligations of the district or the board, but are answerable only for willful misconduct in the performance of their duties. 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 the change is effective from the filing of 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 and with the public service commission. 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; 1997, c. 159; 2000, c. 199.)

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

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

§ 16-13A-5. General manager of board.

The board may employ a general manager to serve a term of not more than five years and until his 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 fifteen thousand dollars for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provision of article three [§§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be as specified in section two [§ 16-13A-2] of this article in the county or counties in which the district is located. The publication shall not be less than ten days prior to the making of any such contract. To the extent allowed by law, in-state contractors shall be given first priority in awarding public service district contracts. It shall be the duty of the board to ensure that local in-state labor shall be utilized to the greatest extent possible when hiring laborers for public service district construction or maintenance repair jobs. It shall further be the duty of the board to encourage contractors to use American made products in their construction to the extent possible. Any obligations incurred of any kind or character shall not in any event constitute or be deemed an indebtedness within the meaning of any of the provisions or limitations of the constitution, but all such obligations shall be payable solely and only out of revenues derived from the operation of the public service properties of the district or from proceeds of bonds issued as hereinafter provided. No continuing contract for the purchase of materials or supplies or for furnishing the district with electrical energy or power shall be entered into for a longer period than fifteen years. (1953, c. 147; 1967, c. 105; 1981, c. 124; 1982, c. 24; 1986, c. 81; 1997, c. 159.)

§ 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.)

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).

If a facility creates a nuisance this harm is simply an element of just compensation in an eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Public service commission, in the absence of specific statutory authority, is not empowered to determine whether particular property interests acquired or to be acquired by a utility are compensable in an eminent domain action, or to render any type of monetary judgment for such property interests. Affixing the value of the property taken is the function of the trier of fact in an eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Superior right of municipality to extend public services. — If a tract of real estate located within a public service district has been annexed into a municipality, then, as between the municipality and the public service district, the municipality has the superior right under this section to extend public services, such as water and/or sewer service, which were not being previously furnished to the tract by the public service district. Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201 (1998).

When consent of municipality needed. — Where municipality has superior right to extend social services, a public service district would need the consent of the municipality and the public service commission in order to provide such services. Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201 (1998).

Cited in 45 Op. Att'y Gen. 506 (1953).

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

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 issuance 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 or she 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 are delinquent and the owner, user and property are 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 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 has the right to terminate water service for delinquency in payment of either water or sewer bills. Where one public service district is providing sewer service and another public service district or a municipality included within the boundaries of the sewer district is providing water service, and the district providing sewer service experiences a delinquency in payment, the district or the municipality included within the boundaries of the sewer district that is providing water service, upon the request of the district providing sewer service to the delinquent account, shall terminate its water service to the customer having the delinquent sewer account: Provided, however, That any termination of water service must comply with all rules and orders of the public service commission.

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 bureau of public 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 bureau of public 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 bureau of public health including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code, and 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 bureau of public 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 petition 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 bureau of public 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 three [§ 22-11-3], article eleven, chapter twenty-two, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the division of environmental protection, as prescribed by section eleven [§ 22-11-11], article eleven, chapter twenty-two of this code, is exempt from the provisions of this section. (1953, c. 147; 1965, c. 134; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1989, c. 174; 1994, c. 61.)

W. Va. Law Review. — Fisher, "The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ?," 98 W. Va. L. Rev. 449 (1996).

Abandonment of private systems. — Where a public service district requires a property owner, tenant, or occupant to connect onto its sewer system and to abandon a private sewer system located on the property, such person cannot recover from the public service district the value of the private system on the ground that such abandonment constitutes a taking of private property without just compensation within the meaning of W. Va. Const., art. III, § 9. Kingmill Valley Pub. Serv. Dist. v. Riverview Estates Mobile Home Park, 182 W. Va. 116, 386 S.E.2d 483 (1989).

Buffer-zone requirements. — Public Service Commission did not err in finding that the proposed sewage lagoons site satisfied the buffer-zone requirements. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Duty to pay. — Owners, tenants, or occupants have a duty under this section to pay rates and charges for the district sewer facilities from and after the date of receipt of notice (now 30 days after receipt) that such facilities are available. Rhodes v. Malden Pub. Serv. Dist, 171 W. Va. 645, 301 S.E.2d 601 (1983) (construing this section prior to 1980 and 1981 amendments).

Liens. — The provision that delinquent fixed rates and charges for services rendered by a public service district shall be a lien on the premises served of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes, does not deprive the owners of their property without due process of law. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Public service district liens created and enforceable under this section are subject to the recordation requirements of § 38-10C-1 so that such liens must be docketed to be enforceable against a purchaser of the property for valuable consideration, without notice. McClung Invs., Inc. v. Green Valley Community Pub. Serv. Dist, 199 W. Va. 490, 485 S.E.2d 434 (1997).

Sewer connection requirements. — The boards of public service districts have no authority to require potential users who live outside the boundaries of the districts, but within the 10-mile limit, to hook onto the district's sewer facilities. Op. Att'y Gen., July 8, 1976.

Quoted in State ex rel. Water Dev. Auth. v. Northern Wayne County Pub. Serv. Dist., 195 W. Va. 135, 464 S.E.2d 777 (1995).

§ 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.)

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

§ 16-13A-11. Accounts; audit.

The general manager, under direction of the board, shall install and maintain a proper system of accounts, in accordance with all rules, regulations or orders pertaining thereto by the public service commission, showing receipts from operation and application of the same, and the board shall at least once a year cause such accounts to be properly audited: Provided, That such audit may be any audit by an independent public accountant completed within one year of the time required for the submission of the report: Provided, however, That if the district is required to have its books, records and accounts audited annually by an independent certified public accountant as a result of any covenant in any board resolution or bond instrument, a copy of such audit may be submitted in satisfaction of the requirements of this section, and is hereby found, declared and determined to be sufficient to satisfy the requirements of article nine [§§ 6-9-1 et seq.], chapter six of this code pertaining to the annual audit report by the state tax commission. A copy of the audit shall be forwarded within thirty days of submission to the county commission and to the public service commission.

The treasurer of each public service district shall keep and preserve all financial records of the public service district for ten years, and shall at all times have such records readily available for public inspection. At the end of his term of office, the treasurer of each public service district shall promptly deliver all financial records of the public service district to his successor in office. Any treasurer of a public service district who knowingly or willfully violates any provision of this section is guilty of a misdemeanor, and shall be fined not less than one hundred dollars nor more than five hundred dollars or imprisoned in the county jail not more than ten days, or both. (1953, c. 147; 1981, c. 124; 1986, c. 81.)

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

§ 16-13A-12. Disbursement of district funds.

No money may be paid out by a district except upon an order signed by the chairman and secretary of such board, or such other person or persons authorized by the chairman or secretary, as the case may be, to sign such orders on their behalf. Each order for the payment of money shall specify the purposes for which the amount thereof is to be paid, with sufficient clearness to indicate the purpose for which the order is issued, and there shall be endorsed thereon the name of the particular fund out of which it is payable and it shall be payable from the fund constituted for such purpose, and no other. All such orders shall be reflected in the minutes of the next meeting of the board. (1953, c. 147; 1981, c. 124.)

§ 16-13A-13. Revenue bonds.

For constructing or acquiring any public service properties for the authorized purposes of the district, or necessary or incidental thereto, and for constructing improvements and extensions thereto, and also for reimbursing or paying the costs and expenses of creating the district, the board of any such district is hereby authorized to borrow money from time to time and in evidence thereof issue the bonds of such district, payable solely from the revenues derived from the operation of the public service properties under control of the district. Such bonds may be issued in one or more series, may bear such date or dates, may mature at such time or times not exceeding forty years from their respective dates, may bear interest at such rate or rates not exceeding eighteen percent per annum payable at such times, may be in such form, may carry such registration privileges, may be executed in such manner, may be payable at such place or places, may be subject to such terms of redemption with or without premium, may be declared or become due before maturity date thereof, may be authenticated in any manner, and upon compliance with such conditions, and may contain such terms and covenants as may be provided by resolution or resolutions of the board. Notwithstanding the form or tenor thereof, and in the absence of any express recital on the face thereof, that the bond is nonnegotiable, all such bonds shall be, and shall be treated as, negotiable instruments for all purposes. Bonds bearing the signatures of officers in office on the date of the signing thereof shall be valid and binding for all purposes notwithstanding that before the delivery thereof any or all of the persons whose signatures appear thereon shall have ceased to be such officers. Notwithstanding the requirements or provisions of any other law, any such bonds may be negotiated or sold in such manner and at such time or times as is found by the board to be most advantageous, and all such bonds may be sold at such price that the interest cost of the proceeds therefrom does not exceed nineteen percent per annum, based on the average maturity of such bonds and computed according to standard tables of bond values. Any resolu-

tion or resolutions providing for the issuance of such bonds may contain such covenants and restrictions upon the issuance of additional bonds thereafter as may be deemed necessary or advisable for the assurance of the payment of the bonds thereby authorized. (1953, c. 147; 1970, cc. 11, 12; 1970, 1st Ex. Sess., c. 2; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 1989, c. 174.)

Cross references. — Procedure for borrowing and issuing bonds, § 16-13A-25.

§ 16-13A-14. Items included in cost of properties.

The cost of any public service properties acquired under the provisions of this article shall be deemed to include the cost of the acquisition or construction thereof, the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; 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. — As to abolition of the procedural distinctions between law and equity, see Rule 2.

As to receivers, see Rule 66.

As to application of rules to writ of mandamus, see Rule 81(a)(5).

As to effect of rules on jurisdiction and venue, see Rule 82.

Mandamus. — Mandamus is a proper remedy to be pursued by the holder of a municipal revenue bond to require a municipal corporation to comply with rate covenants in its revenue bonds. State ex rel. Allstate Ins. Co. v. Union Pub. Serv. Dist., 151 W. Va. 207, 151 S.E.2d 102 (1966).

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 a majority of not less than sixty percent of the members of the public service board thereof deem it for the best interests of the district to sell, lease or rent such water, sewer 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: (1) The publication of notice of a hearing before the board of the public service district, as a Class I legal advertisement in compliance with the provisions of article three [§§ 59-3-1 et seq.], chapter fifty-nine of this code, in a newspaper published and of general circulation in the county or counties wherein the district is located, such publication to be made not earlier than twenty days and not later than seven days prior to the hearing; (2) approval by the county commission or commis-

sions of the county or counties in which the district operates; and (3) approval by the public service commission of West Virginia.

In the event of any such sale, the proceeds thereof, if any, remaining after payment of all outstanding bonds and other obligations of the district, shall be ratably distributed to any persons who have made contributions in aid of construction of such water, sewer 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; 1997, c. 160.)

§ 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. — As to abolition of the procedural distinctions between law and equity, see Rule 2.

In general. — The provision granting bondholders a statutory mortgage lien is valid. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

§ 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.)

In general. — The only purpose for refunding bonds is the retirement or refinancing of outstanding bond issues of a particular district. Op. Att'y Gen., July 8, 1976.

Combination of bond issues. — Combination of two outstanding bond issues into one refunding bond issue may well be restricted by the use of the singular language in this section. Op. Att'y Gen., July 8, 1976.

Previous issuance of bonds. — This section is clearly written in language which speaks only of refunding bonds issued by any district which has previously issued bonds. Op. Att'y Gen., July 8, 1976.

§ 16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption.

This article is full and complete authority for the creation of public service districts and for carrying out the powers and duties of same as herein provided. The provisions of this article shall be liberally construed to accomplish its purpose and no procedure or proceedings, notices, consents or approvals, are required in connection therewith except as may be prescribed by this article: Provided, That all functions, powers and duties of the public service commission of West Virginia, the bureau of public health, the division of environmental protection and the environmental quality board remain unaffected by this article. Every district organized, consolidated, merged or expanded under this article is a public instrumentality created and functioning in the interest and for the benefit of the public, and its property and income and any bonds issued by it are exempt from taxation by the state of West Virginia, and the other taxing bodies of the state: Provided, however, That the board of any such district may use and apply any of its available revenues and income for the payment of what such board determines to be tax or license fee equivalents to any local taxing body and in any proceedings for the issuance of bonds of such district may reserve the right to annually pay a fixed or computable sum to such taxing bodies as such tax or license fee equivalent. (1953, c. 147; 1986, c. 81; 1994, c. 61.)

Constitutionality. — The tax exemption granted to the property, income, and bonds of the district does not violate W. Va. Const., art. X, § 1. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

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

§ 16-13A-22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards.

All acts and proceedings taken by any county court [county commission] of this State purporting to have been carried out under the provisions of this article which have been taken, prior to the date this section takes effect for the purpose of creating public service districts or for the purpose of subsequent inclusion of additional territory to existing public service districts, after notice published by any such county court having territorial jurisdiction thereof of its intention to include such additional territory after hearing thereon, are hereby validated, ratified, approved and confirmed notwithstanding any other lack of power (other than constitutional) of any such county court to create such public service districts or to include additional territory to existing public service districts or irregularities (other than constitutional) in such proceedings, relating to the appointment and qualification of more than three members to the board of any such public service district or the subsequent appointment of successors of any or all of such members, notwithstanding that no city,

incorporated town or other municipal corporation having a population in excess of three thousand is included within the district, and the appointment and qualification of such members, and further including any irregularities in the petition for the creation of any public service district, irregularities in the description of the area embraced by such district, and irregularities in the notice and publication of notice for the hearing creating such district, prior to the date this section takes effect, is hereby validated, ratified, approved and confirmed; and, further, in such cases where more than three members of the board of such districts have been so appointed prior to the date this section takes effect then such county court shall appoint, and they are hereby authorized and empowered to appoint, successors to such members in the manner as otherwise provided by this article. (1958, c. 14; 1960, c. 19.)

Editor's notes. — For construction of the county court as the county commission, see W.Va. Const. art. IX, § 9.

Concerning the reference to "the date this section takes effect", Acts 1958, c. 14, which enacted this section and included this language, became effective February 1, 1958. Acts 1960, c. 19, which amended this section, provided that the act take effect January 29, 1960.

§ 16-13A-23. Validation of acts and proceedings of public service boards.

All acts and proceedings taken by any public service board the members of which were appointed, prior to the date this section takes effect, by any county court [county commission] of this State having territorial jurisdiction thereof, are hereby validated, ratified, approved and confirmed, as to defects and irregularities which may otherwise exist on account of their appointment and qualification: Provided, however, That nothing herein contained shall be construed to excuse a criminal act. (1958, c. 14; 1960, c. 19; 1965, c. 134.)

Editor's notes. — For construction of the county court as the county commission, see W.Va. Const. art. IX, § 9.

Concerning the reference to "the date this section takes effect", Acts 1965, c. 134, which amended this section, provided that the act take effect March 13, 1965.

§ 16-13A-24. Acceptance of loans, grants or temporary advances.

Any public service district created pursuant to the provisions of this article is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of construction or acquisition of water systems, sewage systems 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.)

Permissible borrowing. — The borrowing by public service districts of money from counties and/or municipalities, as evidenced by a note, is permissible borrowing under this section. Op. Att'y Gen., May 6, 1988, No. 27.

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

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 section 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. The public service commission may waive the provision of prior consent and approval for entering into contracts for engineering, design or feasibility studies pursuant to this section for good cause shown which is evidenced by the public service district filing a request for waiver of this section stated in a letter directed to the commission with a brief description of the project, evidence of compliance with chapter five-g [§§ 5G-1-1 et seq.] of this code, and further explanation of ability to evaluate their own engineering contract, including, but not limited to: (1) Experience with the same engineering firm in the past two years requiring engineering services; or (2) completion of a construction project within the past two years requiring engineering services. The district shall also forward an executed copy of the engineering contract to the commission after receiving approval of the waiver. 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.

Thirty days prior to making formal application for the certificate, the public service district shall prefile with the public service commission its plans and supporting information for the 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 public service 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 the public service properties;

(d) The anticipated rates which will be charged by the public service 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 of this code, or may withhold such consent and approval for the protection of the public interest.

In the event of disapproval, the reasons for the disapproval shall be assigned in writing by the commission. (1969, 1st Ex. Sess., c. 6; 1981, c. 124; 1986, c. 81; 1996, c. 213; 1997, c. 159.)

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

Certificate. — Under this section, a public service district must first obtain a certificate of public convenience and necessity before it can acquire or construct public service property. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

Eminent domain. — Although construction of a new facility proposed by a utility will often require the taking of private property through eminent domain, in the absence of express statutory language, the public service commission has no duty to review and decide issues that are inherent in the eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914 (1992).

ARTICLE 13B.

COMMUNITY IMPROVEMENT ACT.

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

quality board, and the rights, powers, and duties of the municipal corporation and the respective officers and departments thereof, including the sanitary board, are governed by the provisions of this article: Provided, That the jurisdiction and authority provided by this section does not extend to highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways and no rates, fees or charges for stormwater services or costs of compliance may be assessed against highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia division of highways. (1955, c. 135; 1967, c. 105; 1994, c. 61; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, substituted "the" for "such" throughout, substituted "the" for "said" throughout, inserted "fees" following "rates" throughout; in the first paragraph, inserted "and/or stormwater system" following "existing sewer system", inserted "or stormwater system" following "such sewer system"; in the second paragraph, inserted "or stormwater" following "sewage", inserted "or stormwater facilities" following "sewer facilities"; in the fourth paragraph, added "or entire stormwater works" to the end; in the sixth paragraph, deleted "such" following "fixing" and "publication of"; in the eighth paragraph, deleted "such" preceding "rates" twice; and in the last paragraph, added the proviso.

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec.
16-13A-4. Board chairman; members' compensation; procedure; district name.

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

Applied in Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201 (1998).

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

Applied in McCloud v. Salt Rock Water Pub. Serv. Dist., 207 W. Va. 453, 533 S.E.2d 679 (2000).

§ 16-13A-4. Board chairman; members' compensation; procedure; district name.

(a) The chairman shall preside at all meetings of the board and may vote as any other member of the board. If the chairman is absent from any meeting, the remaining members may select a temporary chairman and if the member selected as chairman resigns as such or ceases for any reason to be a member of the board, the board shall select one of its members as chairman to serve until the next annual organization meeting.

(b) Salaries of the board members are:

(1) For districts with fewer than six hundred customers, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with six hundred customers or more but fewer than two thousand customers, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with two thousand customers or more, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with four thousand or more customers, up to one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum.

The public service district shall certify the number of customers served to the public service commission beginning on the first day of July, one thousand nine hundred eighty-six, and continue each fiscal year thereafter.

(c) Public service districts selling water to other water utilities for resale may adopt the following salaries for its board members:

(1) For districts with annual revenues of less than fifty thousand dollars, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with annual revenues of fifty thousand dollars or more, but less than two hundred fifty thousand dollars, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with annual revenues of two hundred fifty thousand dollars or more, but less than five hundred thousand dollars, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with annual revenues of five hundred thousand dollars or more, up to one hundred fifty dollars per attendance at regular monthly

meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum.

The public service district shall certify the number of customers served and its annual revenue to the public service commission beginning on the first day of July, two thousand, and continue each fiscal year thereafter.

(d) Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties as provided for by the rules of the board.

(e) The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings may be called. Public notice of meetings shall be given in accordance with section three [§ 6-9A-3], article nine-a, chapter six of this code. Emergency meetings may be called as provided for by said section. A majority of the members constituting the board also constitute a quorum to do business.

(f) The members of the board are not personally liable or responsible for any obligations of the district or the board, but are answerable only for willful misconduct in the performance of their duties. 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 the change is effective from the filing of 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 and with the public service commission. 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; 1997, c. 159; 2000, c. 199.)

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

§ 16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.

Superior right of municipality to extend public services. — If a tract of real estate located within a public service district has been annexed into a municipality, then, as between the municipality and the public service district, the municipality has the superior right under this section to extend public services, such as water and/or sewer service, which were not being previously furnished to the tract by the public service district. Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201 (1998).

When consent of municipality needed. — Where municipality has superior right to extend social services, a public service district would need the consent of the municipality and the public service commission in order to provide such services. Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201 (1998).

ARTICLE 13C.

DRINKING WATER TREATMENT REVOLVING FUND ACT.

Sec.
16-13C-1. Definitions.
16-13C-3. Drinking water treatment revolving fund; duties of division of health and water development authority; set-aside accounts.

§ 16-13C-1. Definitions.

Unless the context in which used clearly requires a different meaning, as used in this article:

(1) "Authority" means the water development authority provided for in section four [§ 22C-1-4], article one, chapter twenty-two-c of this code.

(2) "Capacity development" means the technical, managerial and financial capability of a public water system.

(3) "Cost" means the cost of all labor, materials, machinery, equipment, lands, property, rights and easements, plans and specifications and all other expenses necessary or incident to the acquisition, construction, improvement, expansion, extension, repair or rehabilitation of all or part of a project.

(4) "Disadvantaged community" means the service area of a public water system that meets affordability criteria established after public review and comment by the state.

(5) "Federal safe drinking water act" means the federal statute commonly known as the "Safe Drinking Water Act", 42 U.S.C. 300f et seq., as enacted, amended, and as may be subsequently amended.

(6) "Fund" means the West Virginia drinking water treatment revolving fund created in this article.

(7) "Instrumentality" means the division of health which has the primary responsibility for administering the fund and this article pursuant to requirements of the federal safe drinking water act.

(8) "Local entity" means any municipality, public utility, or person, including any individual, firm, partnership, association, not-for-profit corporation or other corporation organized and existing under the laws of the state which may construct and operate an eligible project.

(9) "Public water system" means that term as defined in section nine-a [§ 16-1-9a], article one, chapter sixteen of the code.

(10) "Project" means a project for improving a drinking water system for the purpose of achieving or maintaining compliance with applicable state and federal drinking water regulations.

(11) "Set-aside accounts" means those accounts that shall be set up for activities required by the federal Safe Drinking Water Act and the moneys for these accounts may be taken from the federal capitalization grant for these nonproject activities before the capitalization grant is deposited into the fund.

(12) "Small system" means a public water system serving ten thousand or fewer persons. (1997, c. 225; 1998, c. 170.)

between the authority and such federal agency and that the authority shall continue to have and exercise all powers granted for carrying out the purposes of this article for so long as necessary. (1989, c. 54.)

§ 31-15-29. Audits.

As soon as possible after the close of each fiscal year, the authority shall make an annual report of its activities for the preceding fiscal year to the governor and the Legislature. Each such report shall set forth a complete operating and financial statement covering the authority's operations during the preceding fiscal year. The authority shall cause an audit of its books and accounts to be made at least once each fiscal year by certified public accountants and the cost thereof may be treated as a part of the cost of construction or of operations of its projects. (1989, c. 54.)

§ 31-15-30. Projects not to be considered public improvements.

No project, enterprise or business facility which conducts as its primary activity a manufacturing process or other nongovernmental or nonpublic activity may be deemed to be a "public improvement" within the meaning of the provisions of article five-a [§ 21-5A-1 et seq.], chapter twenty-one of this code. (1989, c. 54.)

§ 31-15-31. Foreign trade zones; authority approval.

Any public corporation located in the state is hereby authorized to apply for, develop, maintain and operate a foreign trade zone in the state pursuant to and in accordance with all applicable provisions of federal law: Provided, That any public corporation desiring to apply for or develop a foreign trade zone must first receive the approval of the authority. (1989, c. 54.)

§ 31-15-32. Severability.

If any section, subsection, subdivision, subparagraph, sentence or clause of this article is adjudged to be unconstitutional or invalid, such adjudication shall not affect the validity of the remaining portions of this article, and, to this end, the provisions of this article are hereby declared to be severable. (1989, c. 54.)

§ 31-15-33. Construction.

The provisions of this article are remedial and shall be liberally construed and applied so as to promote the purposes set out in section three [§ 31-15-3] of this article. (1989, c. 54.)

ARTICLE 15A.

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL.

Sec.

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31-15A-16. Dedication of severance tax proceeds.

§ 31-15A-1. Short title.

This article shall be known and may be cited as the "West Virginia Infrastructure and Jobs Development Act." (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-2. Definitions.

For purposes of this article:

(a) "Code" means the code of West Virginia, one thousand nine hundred thirty-one, as amended;

(b) "Cost" means, as applied to any project to be financed in whole or in part with infrastructure revenues or funds otherwise provided pursuant to this article, the cost of planning, acquisition, improvement and construction of the project; the cost of preliminary design and analysis, surveys, borings; the cost of environmental, financial, market and engineering feasibility studies, assessments, applications, approvals, submissions or clearances; the cost of preparation of plans and specifications and other engineering services; the cost of acquisition of all land, rights-of-way, property rights, easements, franchise rights and any other interests required for the acquisition, repair, improvement or construction of the project; the cost of demolishing or removing any

buildings or structures on land so acquired, including the cost of acquiring any lands to which buildings or structures may be moved; the cost of excavation, grading, shaping or treatment of earth, demolishing or removing any buildings or structures; the cost of constructing any buildings or other improvements; the cost of all pumps, tanks, vehicles, apparatus and other machinery, furnishings and equipment; loan or origination fees and all finance charges and interest incurred prior to and during the construction and for no more than six months after completion of construction; the cost of all legal services and expenses; the cost of all plans, specifications, surveys and estimates of cost; all working capital and other expenses necessary or incident to determining the feasibility or practicability of acquiring, repairing, improving or constructing any project; the cost of placing any project in operation; and all other costs and expenses of any kind or nature incurred or to be incurred by the project sponsor developing the project that are reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project: Provided, That costs shall not include any amounts related to the ongoing operations of the owner or operator, depreciation thereof or any other cost which the council or the water development authority has not determined to be consistent with the purposes and objectives of this article;

(c) "Council" means the West Virginia infrastructure and jobs development council created in section three [§ 31-15A-3] of this article;

(d) "Division of environmental protection" means the division of environmental protection established under article one [§ 22-1-1 et seq.], chapter twenty-two of this code, or any successor to all or any substantial part of its powers and duties;

(e) "Division of health" means the division of health created in article one [§ 16-1-1 et seq.], chapter sixteen of this code, or any successor to all or any substantial part of its powers and duties;

(f) "Economic development authority" means the economic development authority established under article fifteen [§ 31-15-1 et seq.], chapter thirty-one of the code, or any successor to all or any substantial part of its powers and duties;

(g) "Emergency project" means a project which the council has determined (i) is essential to the immediate economic development of an area of the state and (ii) will not likely be developed in that area if construction of the project is not commenced immediately;

(h) "Governmental agency" means any county; municipality; watershed improvement district; assessment district; soil conservation district; sanitary district; public service district; drainage district; regional governmental authority and any other state governmental agency, entity, political subdivision or public corporation or agency authorized to acquire, construct or operate water or waste water facilities or infrastructure projects;

(i) "Housing development fund" means the West Virginia housing development fund established under article eighteen [§ 31-18-1 et seq.] of this chapter, or any successor to all or any substantial part of its powers and duties;

(j) "Infrastructure fund" means the West Virginia infrastructure fund created and established in section nine [§ 31-15A-9] of this article;

(k) "Infrastructure project" means a project in the state which the council determines is likely to foster and enhance economic growth and development in the area of the state in which the project is developed, for commercial, industrial, community improvement or preservation or other proper purposes, including, without limitation, tourism and recreational housing, land, air or water transportation facilities and bridges, industrial or commercial projects and facilities, mail order, warehouses, wholesale and retail sales facilities and other real and personal properties, including facilities owned or leased by this state or any other project sponsor, and includes, without limitation (1) the process of acquiring, holding, operating, planning, financing, demolition, construction, improving, expanding, renovation, leasing or otherwise disposing of the project or any part thereof or interest therein, and (2) preparing land for construction and making, installing or constructing improvements on the land, including water or waste water facilities or any part thereof, steam, gas, telephone and telecommunications and electric lines and installations, roads, bridges, railroad spurs, buildings, docking and shipping facilities, curbs, gutters, sidewalks, and drainage and flood control facilities, whether on or off the site;

(l) "Infrastructure revenue" means all amounts appropriated by the Legislature; all amounts deposited into the infrastructure fund; any amounts received, directly or indirectly, from any source for the use of all or any part of any project completed pursuant to this article; and any other amounts received by the state treasurer, council or the water development authority for the purposes of this article;

(m) "Project" means any waste water facility, water facility project or any combination thereof, constructed or operated or to be constructed or operated by a project sponsor;

(n) "Project sponsor" means any governmental agency or person, or any combination thereof, including, but not limited to, any public utility, which intends to plan, acquire, construct, improve or otherwise develop a project;

(o) "Public service commission" means the public service commission of West Virginia created and established under section three [§ 24-1-3], article one, chapter twenty-four of this code, or any successor to all or any substantial part of its powers and duties;

(p) "Person" means any individual, corporation, partnership, association, limited liability company or any other form of business organization;

(q) "Public utility" means any person or persons, or association of persons, however associated, whether incorporated or not, including, without limitation, any governmental agency, operating a waste water facility or water facility as a public service, which is regulated by the public service commission as a public utility under chapter twenty-four [§ 24-1-1 et seq.] of this code or which is required to file its tariff with the public service commission;

(r) "State development office" means the West Virginia development office established under article two [§ 5B-2-1 et seq.], chapter five-b of this code, or any successor to all or any substantial part of its powers and duties;

(s) "State infrastructure agency" means the division of health, division of environmental protection, housing development fund, public service commis-

sion, state development office, water development authority, economic development authority and any other state agency, division, body, authority, commission, instrumentality or entity which now or in the future receives applications for the funding of, and provides funding or technical assistance to, the planning, acquisition, construction or improvement of a project;

(t) "Waste water facility" means all facilities, land and equipment used for or in connection with treating, neutralizing, disposing of, stabilizing, cooling, segregating or holding waste water, including, without limitation, facilities for the treatment and disposal of sewage, industrial wastes or other wastes, waste water, and the residue thereof; facilities for the temporary or permanent impoundment of waste water, both surface and underground; and sanitary sewers or other collection systems, whether on the surface or underground, designed to transport waste water together with the equipment and furnishings therefor or thereof and their appurtenances and systems, whether on the surface or underground including force mains and pumping facilities therefor;

(u) "Water development authority" means the West Virginia water development authority established under article five-c [§ 20-5C-1 et seq., repealed], chapter twenty of this code, or any successor to all or any substantial part of its powers and duties; and

(v) "Water facility" means all facilities, land and equipment used for or in connection with the collection and/or storage of water, both surface and underground, transportation of water, storage of water, treatment of water and distribution of water all for the purpose of providing potable, sanitary water suitable for human consumption and use. (1994, 1st Ex. Sess., c. 26.)

Editor's notes. — Former § 20-5C-1 et seq., referred to in (u), was repealed by Acts 1994, c. 61. For provisions similar to former § 20-5C-1 et seq., see § 22C-1-1 et seq.

§ 31-15A-3. West Virginia infrastructure and jobs development council continued; members of council; staff of council.

(a) The West Virginia infrastructure and jobs development council is hereby continued. The council is a governmental instrumentality of the state. The exercise by the council of the powers conferred by this article and the carrying out of its purpose and duties shall be considered and held to be, and are hereby determined to be, essential governmental functions and for a public purpose.

(b) The council shall consist of eleven members, including the executive director of the housing development fund or his or her designee, the director of the division of environmental protection or his or her designee, the director of the economic development authority or his or her designee, the director of the water development authority or his or her designee, the executive director of the state development office or his or her designee, the director of the division of health or his or her designee, the chairman of the public service commission or his or her designee, and four members representing the general public: Provided, That there shall be at least one member representing the general public from each congressional district: Provided, however, That after the expiration of the term of office of the members first appointed as representatives of the general public, no more than one member representing the general public may be a resident of the same county. The governor shall appoint the public members of the council who shall serve three-year staggered terms. The commissioner of the division of highways, the executive director of the state rail authority, two members of the West Virginia Senate, two members of the West Virginia House of Delegates, one representative of the board of directors of the state college system and one representative of the board of trustees of the university of West Virginia shall serve as advisory members of the council. The governor shall appoint the legislative members of the council: Provided, further, That no more than three of the legislative members may be of the same political party. The governor shall appoint the representatives of the governing boards from a list of three names submitted by each governing board. The advisory members shall be ex officio, nonvoting members of the council.

(c) The council shall annually elect one of its members as chairman, and shall appoint a secretary, who need not be a member of the council and who shall keep records of its proceedings. Six members of the council shall constitute a quorum and the affirmative vote of at least the majority of those members present shall be necessary for any action taken by vote of the council. No vacancy in the membership of the council impairs the rights of a quorum by such vote to exercise all the rights and perform all the duties of the council.

(d) No member of the council who serves by virtue of his or her office shall receive any compensation or reimbursement of expenses for serving as a member. The members of the council who represent the general public shall receive reimbursement for actual expenses incurred in the service of the council.

(e) The council shall meet at least monthly to review projects and infrastructure projects requesting funding assistance and otherwise to conduct its business, and shall meet more frequently if necessary. Notwithstanding any other provision of this article to the contrary, the economic development authority shall not be subject to council review with regard to any action taken pursuant to the authority established in article fifteen [§ 31-15-1 et seq.], chapter thirty-one of this code nor shall the governor's civil contingent fund be subject to council review with regard to projects or infrastructure projects funded through the governor's civil contingent fund.

(f) The water development authority shall provide office space for the council, and each governmental agency represented on the council shall provide staff support for the council in the manner determined by the council from time to time.

(g) The council shall invite to all its meetings one or more representatives of the United States department of agriculture, rural economic community development, the United States economic development agency and the United States army corps of engineers or any successors thereto. The council shall also invite such other appropriate parties as may be necessary to effectuate the purposes of this article. (1994, 1st Ex. Sess., c. 26; 1995, c. 130.)

Effect of amendment of 1995. — The amendment, effective March 10, 1995, in (a), rewrote the first sentence and substituted "is" for "shall be" in the second sentence; in (b), substituted "eleven members" for "nine members" following "shall consist of," substituted

"four members" for "two members" preceding "representing the general public", added the provisos at the end of the first sentence, and made minor punctuation changes; substituted "six members" for "five members" in the second sentence in (c); and rewrote (d), (e), and (g).

§ 31-15A-4. Development of guidelines and preliminary application for funding assistance.

(a) To implement and carry out the intent of this article, the council shall promulgate legislative rules in accordance with article three [§ 29A-3-1 et seq.], chapter twenty-nine-a of this code to develop comprehensive, uniform guidelines for use by the council and other state infrastructure agencies in evaluating any request by a project sponsor for funding assistance to plan, acquire, construct, improve or otherwise develop a project or infrastructure project. The guidelines shall include the following factors: (1) the public health benefits of the project or infrastructure project; (2) the economic development benefits of the project or infrastructure project; (3) the degree to which the project or infrastructure project will correct deficiencies in the compliance of water supply or sewage treatment facilities with state or federal laws, regulations or standards; (4) the degree to which the project or infrastructure project encourages effective and efficient consolidation of water or sewage treatment systems consistent with the comprehensive plan developed pursuant to section six [§ 31-15A-6], of this article; (5) the cost effectiveness of the project or infrastructure project as compared with alternatives which achieve substantially the same public health or economic development benefits, including the consideration of providing maximum feasible fire protection; (6) the availability of alternative sources of funding which could finance all or a part of the project and infrastructure project, and the need for the assistance of the council to finance the project or infrastructure project or attract other sources of funding; (7) the applicant's ability to operate and maintain the system if the project or infrastructure project is approved; (8) the degree to which the project or infrastructure project achieves other state or regional planning goals; (9) the estimated date upon which the project or infrastructure project could commence if funding were available and the estimated completion date of the project or infrastructure project; and (10) such other considerations as the council may consider necessary or appropriate to accomplish the purpose and intent of this article.

(b) The council shall create a preliminary application form which shall be used by all project sponsors requesting funding assistance from state infrastructure agencies to plan, acquire, construct, improve or otherwise develop an infrastructure project or project. The preliminary application form shall contain all information required by all state infrastructure agencies that will be required to issue permits and/or certificates regarding the project or infrastructure project. The preliminary application shall require the project sponsor to set forth the type and proposed location of the infrastructure project or project; the estimated total cost of the project; the amount of funding assistance required and the specific uses of the funding; other sources of funding available or potentially available for the infrastructure project or project; information demonstrating the need for the infrastructure project or

project and that the proposed funding of the project is the most economically feasible and viable alternative to completing the project or infrastructure project; and such other information as the council considers necessary to enable it to recommend the type of project or infrastructure project financing, in terms of the kind, amount and source of funding, which the project sponsor should pursue and which the state infrastructure agency or agencies should consider an appropriate investment of public funds, and to otherwise carry out the intent of this article. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-5. Requirements for project funding assistance; review of project preliminary applications by council.

(a) No project sponsor may apply for or receive any loan, loan guarantee, grant or other funding assistance for a project or infrastructure project from any state infrastructure agency (i) unless the project sponsor requiring the funding assistance first submits a completed preliminary application to the council on the form prepared for such purpose by the council pursuant to section four of this article, and (ii) except as may be recommended by the council after consideration of the preliminary application: Provided, That any project sponsor which has an infrastructure project or project with either acceptable bids or all funding in place on the effective date of this act is not required to comply with the provisions of this section.

(b) The council shall, within thirty days of receipt of each completed preliminary application submitted to it, review the preliminary application and either (i) make a written recommendation as to the infrastructure project or project financing, in terms of the kind, amount and source of funding, which the project sponsor submitting the application should pursue and which the state infrastructure agency or agencies should consider an appropriate investment of public funds, or (ii) if the council determines that (1) the proposed project or infrastructure project is not eligible for funding assistance from any state infrastructure agency, or (2) the proposed project or infrastructure project is not otherwise an appropriate or prudent investment of state funds, the council shall recommend that the project sponsor not seek funding from any state infrastructure agency. A project sponsor shall include the preliminary application and the council's recommendations in any application to a state infrastructure agency.

(c) The council shall provide a copy of its recommendation with respect to each preliminary application, together with a copy of the preliminary application, to all appropriate state infrastructure agencies, which shall take into account the council's recommendations with respect to a project or infrastructure project before taking any action with respect to the project. No state infrastructure agency shall take any action inconsistent with the recommendation of the council unless the governing body of the agency, or the head of the agency if it has no governing body, expressly finds and determines that the recommendation is not in the best interest of the state or the area in which the proposed infrastructure project or project is to be located.

(d) In reviewing each preliminary application, the council shall use the engineering, financial and technical expertise of the respective staffs of the state infrastructure agencies represented on the council so as to recommend for funding those projects or infrastructure projects which are consistent with the purposes and intent of this article and with the policies and priorities of this state generally. The council may include in its findings a recommendation that a state infrastructure agency consider technical reports on the project prepared by other infrastructure agencies or by any federal agency. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-6. Powers, duties and responsibilities of the council generally; comprehensive assessment.

(a) In addition to the powers set forth elsewhere in this article, the council is hereby granted, has and may exercise all powers necessary or appropriate to carry out and effectuate the purposes and intent of this article. The council shall have the power and capacity to:

(1) Provide consultation services to project sponsors in connection with the planning, acquisition, improvement, construction or development of any infrastructure project or project;

(2) Periodically prepare a list of infrastructure projects or projects which cannot meet the established funding guidelines of the various state infrastructure agencies, other than the housing development fund, but which are consistent with the mandates of this article and recommend to the water development authority that it make a grant or loan to the project sponsors from the infrastructure fund to finance the cost of one or more such projects or infrastructure projects;

(3) Do all other acts necessary and proper to carry out the powers expressly granted to the authority in this article; and

(4) To make and execute contracts, commitments and obligations and other instruments necessary or convenient for the exercise of its powers.

(b) The council shall develop a comprehensive statewide inventory of water supply systems and sewage treatment systems and an assessment of current and future needs by the first day of July, one thousand nine hundred ninety-six. The assessment shall identify the areas of the state which do not have adequate public water or sewage systems and offer recommendations for the construction of new facilities or the extension or expansion of existing facilities to meet the identified needs. The council shall include in the assessment an identification of the obstacles, issues and problems which prevent or inhibit development of adequate infrastructure throughout the state, including financial, governmental, physical, or geographical factors and make recommendation as the council considers appropriate regarding the obstacles, issues or problems identified. This comprehensive inventory and assessment shall be updated at least once in every three year period after the initial assessment and inventory is completed.

(c) The council shall study the viability of the consolidation of public service districts throughout the state: Provided, That the study shall encompass not

only public service districts but also any and all entities which provide or supply water and sewer service to the general public: Provided, however, That the council shall, in the preparation of the study, consult with the public service district division of the public service commission and representatives of the West Virginia rural water association and the West Virginia association of public service districts, as needed. The council shall report their findings and conclusions on or before the sixteenth of January of the year one thousand nine hundred ninety-five to the governor, speaker of the house of delegates and president of the senate. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-7. Current and prospective planning; roads and highways; report to division of highways.

(a) The council shall take into account the current and prospective infrastructure needs in relation to plans of the division of highways for the development and building of new roads. Upon completion an environmental impact study, the commissioner of highways shall provide the council with plans for any and all new roads. In a timely manner, the council shall advise the commissioner of the division of highways on the feasibility of the expansion of new or existing water and sewer lines concomitant to the construction of the new roads.

(b) The council has the authority to appoint local infrastructure planning teams. The local infrastructure planning teams may consist of the following: A designee of the division of highways from the region where the new road is being built; a designee of the division of highways from the central state office; a designee from the environmental engineers division of the department of health and human resources; a designee from the local developmental authority where the new road is being built; a designee from the regional developmental authority in the area where the new road is being built; a designee from the public service commission; a designee from the division of environmental protection; a designee from the county commission where the new road is being built who shall serve as chairperson of the planning team; a citizen of the county where the new road is being built to be chosen by the county commission; and the elected state delegates and senators from the area where the new road is being built. In order to avoid delay of any highway project, immediately upon appointment of a local infrastructure planning team, the director of the division of highways shall submit to the council a time frame within which the planning team must act and within which the planning team must submit any plans, maps, recommendations or reports developed pursuant to this subsection. The local infrastructure planning team shall meet prior to the development and building of a new road. Members of the local infrastructure planning team shall only receive payment for actual expenses incurred. The local infrastructure planning team shall advise the commissioner of the division of highways on the feasibility of an infrastructure plan. The local infrastructure planning team shall meet to develop an infrastructure plan that includes an assessment study of existing water and sewer lines and a feasibility study on future development and laying of water and sewer lines.

After these studies are completed, a developmental map shall be drawn of the proposed road route with overlays of the proposed water and sewer lines. These studies and the map shall be presented to the commissioner of the division of highways and shall be used by the commissioner in the planning, developing and building of the road.

(c) The water development authority shall establish a restricted account within the infrastructure fund to be expended for the construction of water and sewage lines as may be recommended by the council in accordance with this article and specifically, in accordance the plan developed under subsection (b) of this section. The reserve account shall be known as the "infrastructure road improvement reserve account". The council and the division of highways may enter into agreements to share the cost of financing projects approved in accordance with this section from moneys available in the infrastructure road reserve account and moneys available from the state road fund. Annually, the council may direct the water development authority to transfer funds from the infrastructure fund in an amount not to exceed one million dollars to the restricted account: Provided, That at no time may the balance of the restricted account exceed one million dollars.

(d) For the purposes of this section the term "new" means a road right-of-way being built for the first time.

(e) After the construction of water and sewer lines adjacent to the new road these new lines shall be turned over to existing utilities by expansion of boundaries of public service districts or shall be main extensions from the municipality. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-8. Exemption of certain emergency projects from certificate of public convenience and necessity requirements; review of certain emergency projects by public service commission; and exemption for North Fork Hughes River watershed project.

(a) If the council determines a project to be an emergency and the emergency project will be funded solely with grant money for the extension of an existing certificated water facility or waste water facility, and if the council finds in its recommendation that the construction and acquisition of the emergency project will have no effect on the public utility's customer rates and will have no significant effect on its operational costs as a result of the project cost, then the emergency project is exempt from the requirement to obtain a certificate of public convenience and necessity under section eleven [§ 24-2-11], article two, chapter twenty-four of this code. If the public utility is a public service district, it is exempt from the approval of the public service commission required under section twenty-five [§ 16-13A-25], article thirteen-a, chapter sixteen of this code.

(b) Any public utility, and any other entity that will operate as a public utility, must obtain a certificate of public convenience and necessity pursuant

to section eleven, article two, chapter twenty-four of this code for any emergency project that is not exempt under subsection (a) of this section. The public service commission shall render its final decision on any application for a certificate within one hundred twenty days of the filing of the application: Provided, That the thirty day prefiling requirement is not required. If the project sponsor is a public service district, then the project will be exempted from the approval requirements of section twenty-five, article thirteen-a, chapter sixteen of this code.

(c) Projects that are not emergency projects are subject to the requirements of section eleven, article two, chapter twenty-four of this code to the extent they would be otherwise.

(d) The North Fork Hughes River watershed project, proposed to enhance economic growth and development through tourism as provided in subsection (k), section two [§ 31-15A-2(k)] of this article and to include a water facility project as defined in subsection (m), section two [§ 31-15A-2(m)] of this article, is hereby specifically exempted from any requirement imposed by this article, except that the provisions of subdivision (a) of this section are specifically made applicable to the project. The project is hereby specifically authorized and the public land corporation shall have and may exercise the power of eminent domain and all authority otherwise prescribed by law to acquire necessary land and rights-of-way, to include approximately four hundred seventy-eight acres, in connection with the project. Funding for the project shall be provided by the federal government from the Appalachian regional commission through the United States soil conservation service. Upon completion of the project, the property acquired shall be transferred to the state park system. The commissioner of the division of tourism and parks or the successor to the commissioner's powers and duties is directed to expand the boundaries of North Bend state park to include the project area and to operate the expanded park property, including improved recreational facilities, from funds appropriated for that purpose. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-9. Infrastructure fund; deposits in fund; disbursements to provide loans, loan guarantees, grants and other assistance; loans, loan guarantees, grants and other assistance shall be subject to assistance agreements.

(a) The water development authority shall create and establish a special revolving fund of moneys made available by appropriation, grant, contribution or loan to be known as the "West Virginia Infrastructure Fund". This fund shall be governed, administered and accounted for by the directors, officers and managerial staff of the water development authority as a special purpose account separate and distinct from any other moneys, funds or funds owned and managed by the water development authority. The infrastructure fund shall consist of sub-accounts, as deemed necessary by the council or the water development authority, for the deposit of: (1) Infrastructure revenues; (2) any appropriations, grants, gifts, contributions, loan proceeds or other revenues

received by the infrastructure fund from any source, public or private; (3) amounts received as payments on any loans made by the water development authority to pay for the cost of a project or infrastructure project; (4) insurance proceeds payable to the water development authority or the infrastructure fund in connection with any infrastructure project or project; (5) all income earned on moneys held in the infrastructure fund; (6) all funds deposited in accordance with section four [§ 31-15B-4] of article fifteen-b; and (7) all proceeds derived from the sale of bonds issued pursuant to article fifteen-b [§ 31-15B-1 et seq.] of this chapter.

Any money collected pursuant to this section shall be paid into the West Virginia infrastructure fund by the state agent or entity charged with the collection of the same, credited to the infrastructure fund, and used only for purposes set forth in this article or article fifteen-b.

Amounts in the infrastructure fund shall be segregated and administered by the water development authority separate and apart from its other assets and programs. Amounts in the infrastructure fund may not be transferred to any other fund or account or used, other than indirectly, for the purposes of any other program of the water development authority, except that the water development authority may use funds in the infrastructure fund to reimburse itself for any administrative costs incurred by it and approved by the council in connection with any loan, loan guarantee, grant or other funding assistance made by the water development authority pursuant to this article.

(b) Notwithstanding any provision of this code to the contrary, amounts in the infrastructure fund shall be deposited by the water development authority in one or more banking institutions: Provided, That any moneys so deposited shall be deposited in a banking institution located in this state. The banking institution shall be selected by the water development authority by competitive bid. Pending the disbursement of any money from the infrastructure fund as authorized under this section, the water development authority shall invest and reinvest the moneys subject to the limitations set forth in article eighteen [§ 31-18-1 et seq.], chapter thirty-one of this code.

(c) To further accomplish the purposes and intent of this article and article fifteen-b of this chapter, the water development authority may pledge infrastructure revenues and from time to time establish one or more restricted accounts within the infrastructure fund for the purpose of providing funds to guarantee loans for infrastructure projects or projects: Provided, That for any fiscal year the water development authority may not deposit into the restricted accounts more than twenty percent of the aggregate amount of infrastructure revenues deposited into the infrastructure fund during the fiscal year. No loan guarantee shall be made pursuant to this article unless recourse under the loan guarantee is limited solely to amounts in the restricted account or accounts. No person shall have any recourse to any restricted accounts established pursuant to this subsection other than those persons to whom the loan guarantee or guarantees have been made.

(d) Each loan, loan guarantee, grant or other assistance made or provided by the water development authority shall be evidenced by a loan, loan guarantee, grant or assistance agreement between the water development

authority and the project sponsor to which the loan, loan guarantee, grant or assistance shall be made or provided, which agreement shall include, without limitation and to the extent applicable, the following provisions:

(1) The estimated cost of the infrastructure project or project, the amount of the loan, loan guarantee or grant or the nature of the assistance, and in the case of a loan or loan guarantee, the terms of repayment and the security therefor, if any;

(2) The specific purposes for which the loan or grant proceeds shall be expended or the benefits to accrue from the loan guarantee or other assistance, and the conditions and procedure for disbursing loan or grant proceeds;

(3) The duties and obligations imposed regarding the acquisition, construction, improvement or operation of the project or infrastructure project; and

(4) The agreement of the governmental agency to comply with all applicable federal and state laws, and all rules and regulations issued or imposed by the water development authority or other state, federal or local bodies regarding the acquisition, construction, improvement or operation of the infrastructure project or project and granting the water development authority the right to appoint a receiver for the project or infrastructure if the project sponsor should default on any terms of the agreement.

(e) Any resolution of the water development authority approving loan, loan guarantee, grant or other assistance shall include a finding and determination that the requirements of this section have been met.

(f) The interest rate on any loan to governmental, quasi-governmental, or not for profit project sponsors for projects made pursuant to this article shall not exceed three percent per annum. Due to the limited availability of funds available for loans for projects, it is the public policy of this state to prioritize funding needs to first meet the needs of governmental, quasi-governmental and not for profit project sponsors and to require that loans made to for-profit entities shall bear interest at the current market rates. Therefore, no loan may be made by the council to a for-profit entity at an interest rate which is less than the current market rate at the time of the loan agreement.

(g) The water development authority shall cause an annual audit to be made by an independent certified public accountant of its books, accounts and records, with respect to the receipts, disbursements, contracts, leases, assignments, loans, grants and all other matters relating to the financial operation of the infrastructure fund, including the operating of any sub-account within the infrastructure fund. The person performing such audit shall furnish copies of the audit report to the commissioner of finance and administration [office abolished], where they shall be placed on file and made available for inspection by the general public. The person performing such audit shall also furnish copies of the audit report to the Legislature's joint committee on government and finance. (1994, 1st Ex. Sess., c. 26; 1995, c. 130.)

Editor's notes. — The bracketed words were inserted by the editor. The office of the commissioner of finance and administration was abolished, and the duties of that office were transferred to the secretary of administration. See § 5A-1-2.

Effect of amendment of 1995. — The amendment, effective March 10, 1995, rewrote (a); in (b), substituted "shall" for "may" after "infrastructure fund" and added the proviso in the first sentence, and inserted the present second sentence; inserted "and article fifteen-b

of this chapter" in the first sentence of (c); substituted "the" for "such" preceding "loan guarantee" in (d)(2); and added (f) and (g).

§ 31-15A-10. Recommendations by council for expenditures of funds by loan, grant or for engineering assistance.

(a) To further accomplish the purpose and intent of this article, the water development authority shall use the moneys in the infrastructure fund created pursuant to section nine [§ 31-15A-9] of this article, upon receipt of one or more recommendations from the council pursuant to section five [§ 31-15A-5] of this article, to make loans, with or without interest, loan guarantees or grants and to provide other assistance, financial, technical or otherwise, to finance all or part of the costs of infrastructure projects or projects to be undertaken by a project sponsor: Provided, That any moneys disbursed from the infrastructure fund in the form of grants shall not exceed twenty percent of the total funds available for the funding of projects. No loan, loan guarantee, grant or other assistance shall be made or provided except upon a determination by the council that the loan, loan guarantee, grant or other assistance and the manner in which it will be provided are necessary or appropriate to accomplish the purposes and intent of this article, based upon an application submitted to the council: Provided, however, That no grant shall be made to a project sponsor that is not a governmental agency or a not for profit corporation under the provisions of section 501(c) of the Internal Revenue Code of 1986, as amended. Applications for loans, loan guarantees, grants or other assistance may be submitted by a project sponsor for one or more infrastructure projects on preliminary application forms prepared by the council pursuant to section four [§ 31-15A-4] of this article. Any recommendation of the council approving a loan, loan guarantee, grant or other assistance shall include a finding and determination by the council that the requirements of this section have been met. The council shall base any decisions to loan money for projects to project sponsors pursuant to this article solely on the need of the project sponsors.

(b) The council has the authority in its sole discretion to make grants to project sponsors if it finds that: (1) The level of rates for the users would otherwise be an unreasonable burden given the users' likely ability to pay; or (2) the absence of a sufficient number of users prevents funding of the project except through grants: Provided, That no project sponsor shall receive infrastructure grant money in an amount in excess of fifty percent of the total cost of the project. Therefore, the council may consider the economic or financial conditions of the area to be served. As a condition for receipt of a grant under this subsection, the council may require, in addition to any other conditions, that the applicant pursue other state or federal grant or loan programs. Upon a recommendation by the council, the water development authority shall provide the grant in accordance with the recommendation. The council shall develop criteria to be considered in making grants to project sponsors which shall require consideration of the economic or financial conditions of the area to be served and the availability of other funding sources. The council shall

adopt procedural rules regarding the manner in which grants will be awarded in conformity with this section. The procedural rules shall be adopted pursuant to article three [§ 29A-3-1 et seq.], chapter twenty-nine-a of this code.

(c) The council shall affix a mandatory minimum end user utility rate that must be met by the project sponsor before grant assistance may be awarded. The mandatory minimum utility rate shall be established by legislative rule promulgated in accordance with article three, chapter twenty-nine-a of this code. The rule shall provide that the mandatory minimum utility rate be based upon a uniform statewide percentage of the median household income in a particular geographic area which is rationally related to the geographic area of the project to be served.

(d) No loan or grant funds may be made available for a project if the project to be funded will provide subsidized services to certain users in the service area of the project.

(e) Notwithstanding any other provision of this article to the contrary, engineering studies and requirements imposed by the council for preliminary applications shall not exceed those engineering studies and requirements which are necessary for the council to determine the economic feasibility of the project. If the council determines that the engineering studies and requirements for the pre-application would impose an undue hardship on any project sponsor, the council may provide funding assistance to project sponsors to defray the expenses of the pre-application process from moneys available in the infrastructure fund for making loans: Provided, That the council may only provide funding assistance in an amount equal to five thousand dollars or fifty percent of the total pre-application cost of the project, whichever amount is greater. If the project is ultimately approved for a loan by the council, the amount of funding assistance provided to the project sponsor for the pre-application process shall be included in the total amount of the loan to be repaid by the project sponsor. If the project is not ultimately approved by the council, then the amount of funding assistance provided to the project sponsor will be considered a grant by the council and the total amount of the assistance shall be forgiven. In no event may the amount of funding assistance provided to all project sponsors exceed, in the aggregate, one hundred thousand dollars annually. (1994, 1st Ex. Sess., c. 26; 1995, c. 130.)

Effect of amendment of 1995. — The amendment, effective March 10, 1995, in (a), divided the former first sentence into the present first two sentences, added the language beginning "any moneys disbursed" at the end of the first sentence, substituted "project sponsor" for "profit sponsor" in the proviso in the present second sentence, substituted "on preliminary application forms" for "or projects from time to time, and shall be submitted in the manner and on the preliminary application form" in the third sentence, and added the last sentence; added the proviso and made minor punctuation changes in the first sentence in (b); and added (c), (d), and (e).

Editor's notes. — Section 501 of the Internal Revenue Code of 1986, referred to in (a), is codified at 26 U.S.C. § 501.

§ 31-15A-11. Reservation of funds for projects and infrastructure projects.

Eighty percent of the funds deposited in the West Virginia infrastructure fund shall be dedicated for the purpose of providing funding for the cost of projects as defined in subsection (m), section two [§ 31-15A-2(m)] of this article. Twenty percent of the funds deposited in the West Virginia infrastructure fund shall be dedicated for the purpose of providing funding for costs of infrastructure projects as defined in subsection (k), section two [§ 31-15A-2(k)] of this article. Project sponsors of infrastructure projects shall follow the application process as established by this article: Provided, That notwithstanding any provision of this article to the contrary, all applications for any infrastructure project shall be submitted to the council for community and economic development, or its successor, for review, recommendation and approval regarding infrastructure project funding. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-12. Additional powers of water development authority.

To accomplish the purpose and intent of this article, the water development authority is hereby empowered, in addition to all other powers granted to it under this code, upon approval of the council, to (1) enter into agreements or other transactions with any federal or state agency in connection with any infrastructure project or project; (2) receive or administer on behalf of any federal or state agency grants, subsidies or other payments to be applied to the costs of any infrastructure project or project financed in whole or in part or otherwise assisted by the water development authority, including, but not limited to, payments to be applied to operating costs and debt service or obligations of any project sponsor; (3) receive and accept aid or contributions from any source of money, property, labor or other things of value, to be held, used and applied only for the purposes for which such grants and contributions are made; (4) establish and amend the criteria and qualifications for making loans, loan guarantees or grants, or providing any other assistance, for any infrastructure project or project, and the terms of any loans, loan guarantee, grant or assistance agreement for any project; and (5) do all things which are necessary to further the purposes and intent of this article. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-13. Prohibition on funds inuring to the benefit of or being distributable to water development board; transactions between the water development board and officers having certain interests in such transactions.

No part of the infrastructure fund shall inure to the benefit of or be distributable to the water development board directors or officers of the water development authority except that the water development authority is authorized and empowered to pay reasonable compensation, other than to members of the water development board, including the chairman, vice chairman, secretary-treasurer for services rendered and to make loans and exercise its other powers as previously specified in furtherance of its corporate purpose: Provided, That no loans shall be made, and no property shall be purchased or leased from, or sold, leased or otherwise disposed of, to any water development board member or officer of the water development authority. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-14. Termination or dissolution.

Upon the termination or dissolution of the water development authority, all rights and properties of the water development authority with respect to the infrastructure fund shall pass to and be vested in the state, subject to the rights of lienholders and other creditors. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-15. Projects not to be considered public improvements; competitive bid requirements.

(a) No project or infrastructure project acquired, constructed, maintained or financed in whole or in part by the water development authority shall be considered to be a "public improvement" within the meaning of the provisions of article five-a [§ 21-5A-1 et seq.], chapter twenty-one of this code, as a result of such financing.

(b) The state and its subdivisions shall, except as provided in this subsection, solicit competitive bids and require the payment of prevailing wage rates as provided in article five-a, chapter twenty-one of this code for every project or infrastructure project funded pursuant to this article exceeding twenty-five thousand dollars in total cost. Following the solicitation of the bids, the construction contract shall be awarded to the lowest qualified responsible bidder, who shall furnish a sufficient performance and payment bond: Provided, That the state and its subdivisions may reject all bids and solicit new bids on the project. Nothing in this subsection applies to work performed on construction or repair projects not exceeding a total cost of twenty-five thousand dollars by regular full-time employees of the state or its subdivisions, nor shall anything in this subsection prevent students enrolled in vocational educational schools from being utilized in the construction or repair projects when such use is a part of the students' training program. Nothing in this subsection applies to emergency repairs to building components and systems: Provided, however, That the the term "emergency repairs" means repairs that if not made immediately will seriously impair the use of the building components and systems or cause danger to those persons using the building components and systems. This subsection shall not apply to any situation where the state or a subdivision thereof comes to an agreement with volunteers, or a volunteer group, whereby the governmental body will provide construction or repair materials, architectural, engineering, technical or any other professional services and the volunteers will provide the necessary labor

without charge to, or liability upon, the governmental body: Provided further, That the total cost of the construction or repair projects does not exceed twenty-five thousand dollars.

(c) The provisions of subsection (b) of this section shall not apply to privately owned projects or infrastructure projects constructed on lands not owned by the state or a subdivision of the state. (1994, 1st Ex. Sess., c. 26.)

§ 31-15A-16. Dedication of severance tax proceeds.

(a) There shall be dedicated an annual amount from the collections of the tax collected pursuant to article thirteen-a [§ 11-13A-1 et seq.], chapter eleven of this code for the construction, extension, expansion, rehabilitation, repair and improvement of water supply and sewage treatment systems and for the acquisition, preparation, construction and improvement of sites for economic development in this state as provided in this article.

(b) Notwithstanding any other provision of this code to the contrary, beginning on the first day of July, one thousand nine hundred ninety-five, the first sixteen million dollars of the tax collected pursuant to article thirteen-a, chapter eleven of this code shall be deposited to the credit of the West Virginia infrastructure general obligation debt service fund created pursuant to section three [§ 31-15B-3], article fifteen-b of this chapter: Provided, That none of the collections from the tax imposed pursuant to section six [§ 11-13A-6], article thirteen-a, chapter eleven of this code shall be so dedicated or deposited: Provided, however, That the portion of the tax imposed by article thirteen-a, chapter eleven and dedicated for purposes of medicaid and the division of forestry pursuant to section twenty-a of said article thirteen-a [§ 11-13A-20a] shall remain dedicated for the purposes set forth in said section twenty-a.

(c) On or before the first day of May of each year, commencing the first day of May, one thousand nine hundred ninety-five, the council, by resolution, shall certify to the treasurer and the water development authority the principal and interest coverage ratio and amount for the following fiscal year on any infrastructure general obligation bonds issued pursuant to the provisions of article fifteen-b of this chapter. (1994, 1st Ex. Sess., c. 26; 1995, c. 130.)

Effect of amendment of 1995. — The amendment, effective March 10, 1995, in (b), inserted "general obligation debt service" prior to "fund created pursuant to" and substituted "section three, article fifteen-b of this chapter" for "section nine of this article"; and added (c).

ARTICLE 15B.

INFRASTRUCTURE BONDS.

Sec.
31-15B-1. Definitions.
31-15B-2. Infrastructure general obligation bonds; amount; when may issue.
31-15B-3. Creation of debt service fund; disbursements to pay debt service on infrastructure general obligation bonds.
31-15B-4. Infrastructure general obligation debt service fund; sources used to pay bonds and interest; investment of remainder.
31-15B-5. Covenants of state.
31-15B-6. Sale by governor; minimum price.
31-15B-7. Prohibition on funds inuring to the benefit of or being distributable to directors or officers; transactions between the council and West Virginia water development authority and directors or officers having certain interests in such transactions.
31-15B-8. Infrastructure bonds lawful investments.
31-15B-9. Refunding bonds.
31-15B-10. Termination or dissolution.
31-15B-11. Treasurer to determine financial advisor.
31-15B-12. Governor to determine bond counsel.
31-15B-13. Approval and payment of all necessary expenses.

§ 31-15B-1. Definitions.

For purposes of this article and article fifteen-a [§ 31-15A-1 et seq.] of this chapter:

(a) "Council" means the West Virginia infrastructure and jobs development council created in section three [§ 31-15A-3], article fifteen-a of this chapter;

(b) "Infrastructure amendment" means the amendment to the constitution of this state entitled "infrastructure amendment" as approved by referendum in the month of November, one thousand nine hundred ninety-four;

(c) "Infrastructure general obligation bond" means any bond or bonds issued by the state pursuant to section two [§ 31-15B-2] of this article;

(d) "Water development authority" means the West Virginia water development authority established under article one [§ 22C-1-1 et seq.], chapter twenty-two-c of this code, or any successor to all or any substantial part of its powers and duties. (1995, c. 130.)

§ 31-15B-2. Infrastructure general obligation bonds; amount; when may issue.

Bonds of the state of West Virginia, under authority of the infrastructure improvement amendment of 1994, of the par value not to exceed in the aggregate three hundred million dollars, are hereby authorized to be issued and sold solely for the construction, extension, expansion, rehabilitation, repair and improvement of water supply and sewage treatment systems and for the acquisition, preparation, construction and improvement of sites for economic development as provided for by the constitution and the provisions of this article.

These bonds may be issued by the governor upon resolution by the infrastructure council and certification to the governor. The bonds shall bear such date and mature at such time, bear interest at such rate not to exceed eight percent per annum, be in such amounts, be in such denominations, be in such registered form, carry such registration privileges, be due and payable at such time and place and in such amounts, and subject to such terms of redemption as such resolution may provide: Provided, That in no event may the amount of bonds outstanding exceed an amount for which sixteen million dollars would not be sufficient to provide annual service on the total amount of debt outstanding.

Both the principal and interest of the bonds shall be payable in the lawful money of the United States of America and the bonds and the interest thereon shall be exempt from taxation by the state of West Virginia, or by any county,

district or municipality thereof, which fact shall appear on the face of the bonds as part of the contract with the holder of the bond.

The bonds shall be executed on behalf of the state of West Virginia, by the manual or facsimile signature of the treasurer thereof, under the great seal of the state or a facsimile thereof, and countersigned by the manual or facsimile signature of the auditor of the state. (1995, c. 130.)

§ 31-15B-3. Creation of debt service fund; disbursements to pay debt service on infrastructure general obligation bonds.

There is hereby created a special account in the state treasury, which shall be designated and known as the "West Virginia Infrastructure General Obligation Debt Service Fund", into which shall be deposited amounts pursuant to the provisions of section sixteen [§ 31-15A-16], article fifteen-a of this chapter, as well as any amounts appropriated by the Legislature. (1995, c. 130.)

§ 31-15B-4. Infrastructure general obligation debt service fund; sources used to pay bonds and interest; investment of remainder.

All money from any and all appropriations made by the state, all moneys transferred pursuant to the provisions of section sixteen [§ 31-15A-16], article fifteen-a of this chapter and all moneys from any other source whatsoever which is made liable by law for the payment of the principal of such bonds or the interest thereon shall be deposited into the infrastructure general obligation debt service fund. Moneys shall be kept by the treasurer in a separate account, under the designation aforesaid, and all moneys belonging to the infrastructure general obligation debt service fund shall be deposited in the state treasury to the credit thereof.

This fund shall be applied by the treasurer to the payment of the principal and interest on such bonds as shall become due as herein provided. Any funds remaining after certification of the amount necessary for the payment of principal and interest as provided by section sixteen, article fifteen-a and expenses authorized pursuant to section thirteen [§ 31-15B-13] of this article shall be deposited to the credit of the infrastructure fund. (1995, c. 130.)

§ 31-15B-5. Covenants of state.

The state of West Virginia covenants and agrees with the holders of the bonds issued pursuant hereto as follows: (1) That such bonds shall constitute a direct and general obligation of the state of West Virginia; (2) that the full faith and credit of the state is hereby pledged to secure the payment of the principal and interest of such bonds; (3) that an annual state tax shall be collected in an amount sufficient to pay as it may accrue the interest on such bonds and the principal thereof; and (4) that such tax shall be levied in any

year only to the extent that the moneys transferred to the infrastructure general obligation debt service fund as provided in section sixteen [§ 31-15A-16], article fifteen-a of this chapter which are irrevocably set aside and appropriated for and applied to the payment of the interest on and principal of any bond becoming due and payable in such year are insufficient therefor. (1995, c. 130.)

§ 31-15B-6. Sale by governor; minimum price.

The governor shall sell the bonds herein authorized at such time or times as the council, by resolution, may determine necessary to provide funds for purposes set forth in this article and article fifteen-a [§ 31-15A-1 et seq.] of this chapter. Sales shall be at not less than par and accrued interest.

The bonds must be offered for competitive bids from recognized financial investment institutions before the bonds may be sold: Provided, That the bid process is not subject to the provisions of article three-a [§ 5A-3A-1 et seq.], chapter five-a of this code. Any and all of the bids may be rejected. If the bonds are not sold pursuant to the competitive bid process, the bonds may, within sixty days after the date the bids are received, be sold at private sale: Provided, however, That no private sale shall be made at a price less than the highest bid received. (1995, c. 130.)

§ 31-15B-7. Prohibition on funds inuring to the benefit of or being distributable to directors or officers; transactions between the council and West Virginia water development authority and directors or officers having certain interests in such transactions.

No part of the infrastructure fund shall inure to the benefit of or be distributable to the commissioners of the public service commission, the council, or the West Virginia water development authority's directors or officers. The council may approve and the water development authority make loans and exercise other powers as previously specified in furtherance of their corporate purpose: Provided, That no loans shall be made, nor shall any property be purchased or leased from, or sold, leased or otherwise disposed of, to any commissioner, director or officer of the council, the public service commission or the West Virginia water development authority. (1995, c. 130.)

§ 31-15B-8. Infrastructure bonds lawful investments.

All infrastructure bonds issued pursuant to this article shall be lawful investments for banking institutions, societies for savings, building and loan associations, savings and loan associations, deposit guarantee associations, trust companies, insurance companies, including domestic for life and domestic not for life insurance companies. (1995, c. 130.)

§ 31-15B-9. Refunding bonds.

Any infrastructure general obligation bonds which are outstanding may at any time be refunded by the issuance of refunding bonds in an amount deemed necessary to refund the principal of the bonds to be refunded, together with any unpaid interest thereon; to accomplish the purpose of this article and article fifteen-a [§ 31-15A-1 et seq.] of this chapter; and to pay any premiums and commissions necessary to be paid in connection therewith. Any refunding may be effected whether the infrastructure general obligation bonds to be refunded shall have then matured or shall thereafter mature. Any refunding bonds issued pursuant to this article shall be payable from the infrastructure general obligation bond debt service fund, and shall be subject to the provisions contained in section eleven [§ 31-15A-11], article fifteen-a of this chapter and shall be secured in accordance with the provisions of this article. (1995, c. 130.)

§ 31-15B-10. Termination or dissolution.

Upon the termination or dissolution of the West Virginia water development authority, all rights and properties of the West Virginia water development authority with respect to the infrastructure fund shall pass to and be vested in the state, subject to the rights of bondholders, lienholders and other creditors. (1995, c. 130.)

§ 31-15B-11. Treasurer to determine financial advisor.

The treasurer shall select a competent person or firm to serve as financial advisor for the issuance and sale of general obligation bonds issued pursuant to this article. (1995, c. 130.)

§ 31-15B-12. Governor to determine bond counsel.

The governor shall select a competent person or firm to serve as bond counsel who shall be responsible for the issuance of a final approving opinion regarding the legality of the sale of general obligation bonds issued pursuant to this article. Notwithstanding the provisions of article three [§ 5-3-1 et seq.], chapter five of this code, bond counsel may represent the council in court, render advice to the council and provide other legal services as may be requested by the council regarding any bond issuance pursuant to this article and all other matter relating to the bond issue. (1995, c. 130.)

§ 31-15B-13. Approval and payment of all necessary expenses.

All necessary expenses, including legal expenses, incurred in the issuance of any general obligation bonds pursuant to this article shall be paid out of the infrastructure general obligation debt service fund. The amount of any expenses incurred shall be certified to the water development authority. (1995, c. 130.)

ARTICLE 16.

WEST VIRGINIA STEEL FUTURES PROGRAM.

Sec.
31-16-1. Legislative intent; purpose and administration.
31-16-2. Steel advisory commission; membership, appointment, terms, quorum and selection of officers.
31-16-3. Responsibilities of commission.
31-16-4. Steel futures program.
31-16-5. Continuation of program.

§ 31-16-1. Legislative intent; purpose and administration.

The Legislature recognizes that the steel industry plays a significant role in West Virginia's economy, and the industry's survival and success is of significant importance to the residents and the tax base of the state. Because of this significant economic role, there is hereby created in the West Virginia department of commerce, labor and environmental resources [abolished] a steel advisory commission and a new program entitled "The Steel Futures Program". The purpose of the commission and the program is to preserve and improve the economy of the state by promoting employment and increased productivity, thereby ensuring continued economic development consistent with these goals, and to maintain a high standard of living for the residents of the state. The commission, through the steel futures program, may supplement any other enterprise assistance program administered by the West Virginia department of commerce, labor and environmental resources [abolished]. The steel futures program shall be administered so as to provide financial and technical assistance as provided in this article to increase the competitiveness of existing steel and steel-related industries within the state and to encourage the establishment and development of new steel and steel-related industries within the state. (1993, c. 128.)

Editor's notes. — Former article 16, §§ 31-16-1 to 31-16-14 (enacted by Acts 1963, c. 22), concerning the West Virginia Forest Industries Industrial Foundation Act, was repealed by Acts 1989, c. 54. For provisions concerning the West Virginia economic development authority, see § 31-15-1 et seq.

The bracketed words were inserted by the editor. See § 5F-2-1.

§ 31-16-2. Steel advisory commission; membership, appointment, terms, quorum and selection of officers.

(a) There is hereby created the West Virginia steel advisory commission within the department of commerce, labor and environmental resources [abolished], which shall consist of thirteen members. The secretary of the department of commerce, labor and environmental resources [office abolished] or his or her designee shall be a member of the commission and shall serve as its chairperson. Eight members shall be appointed by the governor with the advice and consent of the Senate. At least four of the members appointed by the governor shall be senior management representatives of steel manufacturing

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, substituted "It is unlawful" for "It wful" and made a stylistic change.

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transactions between the water development board and officers having certain interests in such transactions.
-16. Dedication of severance tax proceeds.
-17. Water development authority empowered to issue infrastructure revenue bonds and refunding bonds; creation of infrastructure revenue debt service fund; funding of infrastructure revenue debt service fund; requirements and manner of such issuance.
A-18. Trustee for holders of infrastructure revenue bonds; contents of trust agreement.

Sec.
31-15A-19. Legal remedies of infrastructure revenue bondholders or noteholders and trustees.
31-15A-20. Infrastructure revenue bonds lawful investments.
31-15A-21. Purchase and cancellation of infrastructure revenue bonds.
31-15A-22. Refunding revenue bonds.
31-15A-23. Infrastructure revenue bonds not debt of state, county, municipality or any political subdivision.
31-15A-24. Infrastructure revenue bonds exempt from taxation.

§ 31-15A-1. Short title.

Cited in State ex rel. Cooper v. Caperton, 196 W. Va. 208, 470 S.E.2d 162 (1996).

§ 31-15A-2. Definitions.

For purposes of this article:

(a) "Bond" or "infrastructure revenue bond" means a revenue bond, note, or other obligation issued by the water development authority pursuant to this article, including bonds to refund such bonds and notes to renew such notes, and notes in anticipation of and payable from the proceeds of such bonds.

(b) "Code" means the code of West Virginia, one thousand nine hundred thirty-one, as amended;

(c) "Cost" means, as applied to any project to be financed, in whole or in part, with infrastructure revenues or funds otherwise provided pursuant to this article, the cost of planning, acquisition, improvement and construction of the project; the cost of preliminary design and analysis, surveys, borings; the cost of environmental, financial, market and engineering feasibility studies, assessments, applications, approvals, submissions or clearances; the cost of preparation of plans and specifications and other engineering services; the cost of acquisition of all land, rights-of-way, property rights, easements, franchise rights and any other interests required for the acquisition, repair, improvement or construction of the project; the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which buildings or structures may be moved; the cost of excavation, grading, shaping or treatment of earth, demolishing or removing any buildings or structures; the cost of constructing any buildings or other improvements; the cost of all pumps, tanks, vehicles, apparatus and other machinery, furnishings and equipment; loan or origination fees and all finance charges and interest incurred prior to and during the construction and for no more than six months after completion of construction; the cost of all legal services and expenses; the cost of all plans, specifications, surveys and estimates of cost; all working capital and other expenses necessary or incident to determining the feasibility or practicability of acquiring, repairing, improving or constructing any project; the cost of placing any project in operation; and all other costs and expenses of any kind or nature incurred or to be incurred by the project sponsor developing the project that are reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project: Provided, That costs shall not include any amounts related to the ongoing operations of the owner or operator, depreciation thereof or any other

cost which the council or the water development authority has not determined to be consistent with the purposes and objectives of this article;

(d) "Council" means the West Virginia infrastructure and jobs development council created in section three [§ 31-15A-3] of this article;

(e) "Division of environmental protection" means the division of environmental protection established under article one [§ 22-1-1 et seq.], chapter twenty-two of this code, or any successor to all or any substantial part of its powers and duties;

(f) "Division of health" means the division of health created in article one [§ 16-1-1 et seq.], chapter sixteen of this code, or any successor to all or any substantial part of its powers and duties;

(g) "Economic development authority" means the economic development authority established under article fifteen [§ 31-15-1 et seq.], chapter thirty-one of the code, or any successor to all or any substantial part of its powers and duties;

(h) "Emergency project" means a project which the council has determined, (1) Is essential to the immediate economic development of an area of the state; and (2) will not likely be developed in that area if construction of the project is not commenced immediately;

(i) "Governmental agency" means any county; municipality; watershed improvement district; assessment district; soil conservation district; sanitary district; public service district; drainage district; regional governmental authority and any other state governmental agency, entity, political subdivision or public corporation or agency authorized to acquire, construct or operate water or wastewater facilities or infrastructure projects;

(j) "Housing development fund" means the West Virginia housing development fund established under article eighteen [§ 31-18-1 et seq.] of this chapter, or any successor to all or any substantial part of its powers and duties;

(k) "Infrastructure fund" means the West Virginia infrastructure fund created and established in section nine [§ 31-15A-9] of this article;

(*l*) "Infrastructure project" means a project in the state which the council determines is likely to foster and enhance economic growth and development in the area of the state in which the project is developed, for commercial, industrial, community improvement or preservation or other proper purposes, including, without limitation, tourism and recreational housing, land, air or water transportation facilities and bridges, industrial or commercial projects and facilities, mail order, warehouses, wholesale and retail sales facilities and other real and personal properties, including facilities owned or leased by this state or any other project sponsor, and includes, without limitation: (1) The process of acquiring, holding, operating, planning, financing, demolition, construction, improving, expanding, renovation, leasing or otherwise disposing of the project or any part thereof or interest therein; and (2) preparing land for construction and making, installing or constructing improvements on the land, including water or wastewater facilities or any part thereof, steam, gas, telephone and telecommunications and electric lines and installations, roads, bridges, railroad spurs, buildings, docking and shipping facilities, curbs, gutters, sidewalks, and drainage and flood control facilities, whether on or off the site;

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(m) "Infrastructure revenue" means all amounts appropriated by the Legislature; all amounts deposited into the infrastructure fund; any amounts received, directly or indirectly, from any source for the use of all or any part of any project completed pursuant to this article; and any other amounts received by the state treasurer, council or the water development authority for the purposes of this article;

(n) "Need of the project sponsors" means there is a public need for a project. The council shall construe a population increase evidenced by the last two decennial censuses in a county in which a project is proposed, as a factor supporting the conclusion that a need exists for projects in that county;

(o) "Project" means any wastewater facility, water facility project or any combination thereof, constructed or operated or to be constructed or operated by a project sponsor;

(p) "Project sponsor" means any governmental agency or person, or any combination thereof, including, but not limited to, any public utility, which intends to plan, acquire, construct, improve or otherwise develop a project;

(q) "Public service commission" means the public service commission of West Virginia created and established under section three [§ 24-1-3], article one, chapter twenty-four of this code, or any successor to all or any substantial part of its powers and duties;

(r) "Person" means any individual, corporation, partnership, association, limited liability company or any other form of business organization;

(s) "Public utility" means any person or persons, or association of persons, however associated, whether incorporated or not, including, without limitation, any governmental agency, operating a wastewater facility or water facility as a public service, which is regulated by the public service commission as a public utility under chapter twenty-four [§ 24-1-1 et seq.] of this code or which is required to file its tariff with the public service commission;

(t) "State development office" means the West Virginia development office established under article two [§ 5B-2-1 et seq.], chapter five-b of this code, or any successor to all or any substantial part of its powers and duties;

(u) "State infrastructure agency" means the division of health, division of environmental protection, housing development fund, public service commission, state development office, water development authority, economic development authority and any other state agency, division, body, authority, commission, instrumentality or entity which now or in the future receives applications for the funding of, and provides funding or technical assistance to, the planning, acquisition, construction or improvement of a project;

(v) "Waste water facility" means all facilities, land and equipment used for or in connection with treating, neutralizing, disposing of, stabilizing, cooling, segregating or holding waste water, including, without limitation, facilities for the treatment and disposal of sewage, industrial wastes or other wastes, wastewater, and the residue thereof; facilities for the temporary or permanent impoundment of wastewater, both surface and underground; and sanitary sewers or other collection systems, whether on the surface or underground, designed to transport wastewater together with the equipment and furnishings therefor or thereof and their appurtenances and systems, whether on the surface or underground including force mains and pumping facilities therefor;

(w) "Water development authority" means the West Virginia water development authority continued pursuant to the provisions of article one [§ 22C-1-1 et seq.], chapter twenty-two-c of this code, or any successor to all or any substantial part of its powers and duties; and

(x) "Water facility" means all facilities, land and equipment used for or in connection with the collection and/or storage of water, both surface and underground, transportation of water, storage of water, treatment of water and distribution of water all for the purpose of providing potable, sanitary water suitable for human consumption and use. (1994, 1st Ex. Sess., c. 26; 1998, c. 180.)

Effect of amendment of 1998. — The amendment, effective June 12, 1998, inserted the present (a), and redesignated the former (a) through (l) as (b) through (m); inserted (n), and redesignated the former (m) through (v) as (o) through (x); in (w), substituted "article one, chapter twenty-two-c of this code" for "article five-c, chapter twenty of this code"; and made stylistic changes.

§ 31-15A-8. Exemption of certain emergency projects from certificate of public convenience and necessity requirements; review of certain emergency projects by public service commission; and exemption for North Fork Hughes River watershed project.

(a) If the council determines a project to be an emergency and the emergency project will be funded solely with grant money for the extension of an existing certificated water facility or wastewater facility, and if the council finds in its recommendation that the construction and acquisition of the emergency project will have no effect on the public utility's customer rates and will have no significant effect on its operational costs as a result of the project cost, then the emergency project is exempt from the requirement to obtain a certificate of public convenience and necessity under section eleven, article two, chapter twenty-four of this code. If the public utility is a public service district, it is exempt from the approval of the public service commission required under section twenty-five [§ 16-13A-25], article thirteen-a, chapter sixteen of this code.

(b) Any public utility, and any other entity that will operate as a public utility, must obtain a certificate of public convenience and necessity pursuant to section eleven [§ 24-2-11], article two, chapter twenty-four of this code for any emergency project that is not exempt under subsection (a) of this section. The public service commission shall render its final decision on any application for a certificate within one hundred twenty days of the filing of the application: Provided, That the thirty-day prefiling requirement is not required. If the project sponsor is a public service district, then the project will be exempted from the approval requirements of section twenty-five [§ 16-13A-25], article thirteen-a, chapter sixteen of this code.

(c) Projects that are not emergency projects are subject to the requirements of section eleven, article two, chapter twenty-four of this code to the extent they would be otherwise.

(d) The North Fork Hughes River watershed project, proposed to enhance economic growth and development through tourism as provided in subsection (*l*), section two [§ 31-15A-2(*l*)] of this article and to include a water facility project as defined in subsection (n), section two [§ 31-15A-2(n)] of this article, is hereby specifically exempted from any requirement imposed by this article, except that the provisions of subsection (a) of this section are specifically made applicable to the project. The project is hereby specifically authorized and the public land corporation shall have and may exercise the power of eminent domain and all authority otherwise prescribed by law to acquire necessary land and rights-of-way, to include approximately four hundred seventy-eight acres, in connection with the project. Funding for the project shall be provided by the federal government from the Appalachian regional commission through the United States soil conservation service. Upon completion of the project, the property acquired shall be transferred to the state park system. The commissioner of the division of tourism and parks or the successor to the commissioner's powers and duties is directed to expand the boundaries of North Bend state park to include the project area and to operate the expanded park property, including improved recreational facilities, from funds appropriated for that purpose. (1994, 1st Ex. Sess., c. 26; 1998, c. 180.)

Effect of amendment of 1998. — The amendment, effective June 12, 1998, in (d), in the first sentence, substituted "subsection (*l*)" for "subsection (k)," "subsection (n)" for "subsection (m),"and "subsection (a)" for "subdivision (a)"; and made a stylistic change.

§ 31-15A-10. Recommendations by council for expenditures of funds by loan, grant or for engineering assistance.

(a) To further accomplish the purpose and intent of this article, the water development authority shall use the moneys in the infrastructure fund created pursuant to section nine [§ 31-15A-9] of this article, upon receipt of one or more recommendations from the council pursuant to section five [§ 31-15A-5] of this article, to make loans, with or without interest, loan guarantees or grants and to provide other assistance, financial, technical or otherwise, to finance all or part of the costs of infrastructure projects or projects to be undertaken by a project sponsor: Provided, That any moneys disbursed from the infrastructure fund in the form of grants shall not exceed twenty percent of the total funds available for the funding of projects. No loan, loan guarantee, grant or other assistance shall be made or provided except upon a determination by the council that the loan, loan guarantee, grant or other assistance and the manner in which it will be provided are necessary or appropriate to accomplish the purposes and intent of this article, based upon an application submitted to the council: Provided, however, That no grant shall be made to a project sponsor that is not a governmental agency or a not for profit corporation under the provisions of section 501(c) of the Internal Revenue Code of 1986 [26

U.S.C.S. § 501(c)], as amended. Applications for loans, loan guarantees, grants or other assistance may be submitted by a project sponsor for one or more infrastructure projects on preliminary application forms prepared by the council pursuant to section four [§ 31-15A-4] of this article. Any recommendation of the council approving a loan, loan guarantee, grant or other assistance shall include a finding and determination by the council that the requirements of this section have been met. The council shall base any decisions to loan money for projects to project sponsors pursuant to this article solely on the need of the project sponsors.

(b) The council has the authority in its sole discretion to make grants to project sponsors if it finds that: (1) The level of rates for the users would otherwise be an unreasonable burden given the users' likely ability to pay; or (2) the absence of a sufficient number of users prevents funding of the project except through grants: Provided, That no project sponsor shall receive infrastructure grant money in an amount in excess of fifty percent of the total cost of the project. Therefore, the council may consider the economic or financial conditions of the area to be served. As a condition for receipt of a grant under this subsection, the council may require, in addition to any other conditions, that the applicant pursue other state or federal grant or loan programs. Upon a recommendation by the council, the water development authority shall provide the grant in accordance with the recommendation. The council shall develop criteria to be considered in making grants to project sponsors which shall require consideration of the economic or financial conditions of the area to be served and the availability of other funding sources. The council shall adopt procedural rules regarding the manner in which grants will be awarded in conformity with this section. The procedural rules shall be adopted pursuant to article three [§ 29A-3-1 et seq.], chapter twenty-nine-a of this code.

(c) Notwithstanding any other provision of this article to the contrary, the council shall apply a mandatory minimum end user utility rate that must be met by the project sponsor before funding assistance may be awarded. The mandatory minimum end utility rate shall be be based upon a uniform statewide percentage of the median household income in a particular geographic area and said rate shall not exceed six tenths of one percent: Provided, That funding assistance made from the proceeds of any general obligation bonds and revenue bonds issued after the fifteenth day of March, one thousand nine hundred ninety-eight, after transfer required to make the state match for the water and wastewater revolving loan programs pursuant to article two [§ 22C-2-1 et seq.], chapter twenty-two-c and article thirteen-c [§ 16-13C-1 et seq.], chapter sixteen of this code, shall be provided by the council on a pro rata basis divided equally among the congressional districts of this state as delineated in accordance with section three [§ 1-2-3], article two, chapter one of this code: Provided, however, That infrastructure projects as defined in subsection (1), section two [§ 31-15A-2] of this article shall not be subject to pro rata distribution. When determining median household income of a geographic area of the project to be served, the council shall consider any surveys of the income of the households that will be served by the project.

(d) No loan or grant funds may be made available for a project if the project to be funded will provide subsidized services to certain users in the service area of the project.

(e) Notwithstanding any other provision of this article to the contrary, engineering studies and requirements imposed by the council for preliminary applications shall not exceed those engineering studies and requirements which are necessary for the council to determine the economic feasibility of the project. If the council determines that the engineering studies and requirements for the preapplication would impose an undue hardship on any project sponsor, the council may provide funding assistance to project sponsors to defray the expenses of the preapplication process from moneys available in the infrastructure fund for making loans: Provided, That the council may only provide funding assistance in an amount equal to five thousand dollars or fifty percent of the total preapplication cost of the project, whichever amount is greater. If the project is ultimately approved for a loan by the council, the amount of funding assistance provided to the project sponsor for the preapplication process shall be included in the total amount of the loan to be repaid by the project sponsor. If the project is not ultimately approved by the council, then the amount of funding assistance provided to the project sponsor will be considered a grant by the council and the total amount of the assistance shall be forgiven. In no event may the amount of funding assistance provided to all project sponsors exceed, in the aggregate, one hundred thousand dollars annually.

(f) The council shall report to the governor, the speaker of the House of Delegates and the president of the Senate during each regular and interim session of the Legislature, on its activities and decisions relating to distribution or planned distribution of grants and loans under the criteria to be developed pursuant to this article. (1994, 1st Ex. Sess., c. 26; 1995, c. 130; 1998, c. 180.)

Effect of amendment of 1998. — The amendment, effective June 12, 1998, rewrote (c); added (f); and made a stylistic change.

§ 31-15A-11. Reservation of funds for projects and infrastructure projects.

Eighty percent of the funds deposited in the West Virginia infrastructure fund shall be dedicated for the purpose of providing funding for the cost of projects as defined in subsection (n), section two [§ 31-15A-2(n)] of this article. Twenty percent of the funds deposited in the West Virginia infrastructure fund shall be dedicated for the purpose of providing funding for costs of infrastructure projects as defined in subsection (*l*), section two [§ 31-15A-2(*l*)] of this article. Project sponsors of infrastructure projects shall follow the application process as established by this article: Provided, That notwithstanding any provision of this article to the contrary, all applications for any infrastructure project shall be submitted to the council for community and economic devel-

opment, or its successor, for review, recommendation and approval regarding infrastructure project funding. (1994, 1st Ex. Sess., c. 26; 1998, c. 180.)

Effect of amendment of 1998. — The amendment, effective June 12, 1998, in the first sentence, substituted "subsection (n)" for "subsection (m)," and in the second sentence, substituted "subsection (l)" for "subsection (k)."

§ 31-15A-13. Prohibition on funds inuring to the benefit of or being distributable to water development board; transactions between the water development board and officers having certain interests in such transactions.

No part of the infrastructure fund or the West Virginia infrastructure revenue debt service fund shall inure to the benefit of or be distributable to the water development board directors or officers of the water development authority except that the water development authority is authorized and empowered to pay reasonable compensation, other than to members of the water development board, including the chairman, vice chairman, secretary-treasurer for services rendered and to make loans and exercise its other powers as previously specified in furtherance of its corporate purpose: Provided, That no loans shall be made, and no property shall be purchased or leased from, or sold, leased or otherwise disposed of, to any water development board member or officer of the water development authority. (1994, 1st Ex. Sess., c. 26; 1998, c. 180.)

Effect of amendment of 1998. — The amendment, effective June 12, 1998, inserted "or the West Virginia infrastructure revenue debt service fund."

§ 31-15A-16. Dedication of severance tax proceeds.

(a) There shall be dedicated an annual amount from the collections of the tax collected pursuant to article thirteen-a [§ 11-13A-1 et seq.], chapter eleven of this code for the construction, extension, expansion, rehabilitation, repair and improvement of water supply and sewage treatment systems and for the acquisition, preparation, construction and improvement of sites for economic development in this state as provided in this article.

(b) Notwithstanding any other provision of this code to the contrary, beginning on the first day of July, one thousand nine hundred ninety-five, the first sixteen million dollars of the tax collected pursuant to article thirteen-a, chapter eleven of this code shall be deposited to the credit of the West Virginia infrastructure general obligation debt service fund created pursuant to section three [§ 31-15B-3], article fifteen-b of this chapter: Provided, That beginning on the first day of July, one thousand nine hundred ninety-eight, the first twenty-four million dollars of the tax annually collected pursuant to article thirteen-a [§ 31-13A-1 et seq.] of this code shall be deposited to the credit of the West Virginia infrastructure general obligation debt service fund created pursuant to section three, article fifteen-b of this chapter.

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(c) Notwithstanding any provision of subsection (b) of this section to the contrary: (1) none of the collections from the tax imposed pursuant to section six [§ 11-13A-6], article thirteen-a, chapter eleven of this code shall be so dedicated or deposited; and (2) the portion of the tax imposed by article thirteen-a, chapter eleven and dedicated for purposes of medicaid and the division of forestry pursuant to section twenty-a [§ 11-13A-20a] of said article thirteen-a shall remain dedicated for the purposes set forth in said section twenty-a.

(d) On or before the first day of May of each year, commencing the first day of May, one thousand nine hundred ninety-five, the council, by resolution, shall certify to the treasurer and the water development authority the principal and interest coverage ratio and amount for the following fiscal year on any infrastructure general obligation bonds issued pursuant to the provisions of article fifteen-b [§ 31-15B-1 et seq.] of this chapter. (1994, 1st Ex. Sess., c. 26; 1995, c. 130; 1998, c. 180.)

Effect of amendment of 1998. — The amendment, effective June 12, 1998, inserted (c), and redesignated the former (c) as (d); and in (b), rewrote the proviso.

§ 31-15A-17. Water development authority empowered to issue infrastructure revenue bonds and refunding bonds; creation of infrastructure revenue debt service fund; funding of infrastructure revenue debt service fund; requirements and manner of such issuance.

(a) To accomplish the purpose and intent of this article, the water development authority is hereby empowered at the written request of the council to issue from time to time infrastructure revenue bonds of the state in such principal amounts as the council deems necessary to make loans and loan guarantees and other forms of financial assistance to project sponsors for one or more projects or infrastructure projects: Provided, That the water development authority may not issue any such bonds, other than refunding bonds, unless the council by resolution determines that the aggregate cost of the projects or infrastructure projects expected to be constructed during any annual period exceeds (1) the projected annual infrastructure revenues for the same period, and (2) the principal and interest payments not otherwise pledged to the infrastructure revenue debt service fund that are due the water development authority on all outstanding loans previously made by the water development authority pursuant to the provisions of this article.

(b) The proceeds of infrastructure revenue bonds shall be used solely for the purpose of making loans and loan guarantees and other forms of financial assistance to sponsors of one or more projects or infrastructure projects, and shall be deposited in one or more special accounts with the trustee under the trust agreement securing such bonds and disbursed from time to time for projects or infrastructure projects in accordance with this article: Provided, That notwithstanding any provision of this code to the contrary, twenty

percent of the funds deposited in the special account shall be dedicated for the purpose of providing funding for costs of infrastructure projects as defined in subsection (*l*), section two [§ 31-15A-2(*l*)], of this article.

(c) The water development authority may not authorize the disbursement of any proceeds of infrastructure revenue bonds unless it has received documentation from the council pursuant to the provisions of section ten [§ 31-15A-10] of this article.

(d) There is hereby created in the water development authority a special fund which shall be designated and known as the "West Virginia Infrastructure Revenue Debt Service Fund," into which shall be transferred solely from the loan repayments deposited in the infrastructure fund the amounts certified by the director of the water development authority as necessary to pay the principal, premium, if any, and interest on infrastructure revenue bonds and any reserve requirements, subject to the terms of any agreement with the holders of the infrastructure revenue bonds. All amounts deposited in the West Virginia infrastructure revenue debt service fund shall be pledged to the repayment of the principal, interest and redemption premium, if any, on any infrastructure revenue bonds authorized by this article: Provided, That amounts on deposit in the fund may be used to establish or maintain reserves created for the purposes of securing such infrastructure revenue bonds. The pledge shall be valid and binding from the time the pledge is made, and the West Virginia infrastructure revenue debt service fund so pledged shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the water development authority irrespective of whether the parties have notice thereof.

(e) Except as may otherwise be expressly provided in this article or by resolution of the water development authority, every issue of infrastructure revenue bonds shall be special obligations of the water development authority payable solely from amounts in the West Virginia infrastructure revenue debt service fund, and the reserves created for this purpose by the water development authority, without preference or priority among the bonds regardless of when issued, subject only to any agreements with the holders of any bonds to the contrary. All such bonds are hereby declared to be negotiable instruments.

(f) Infrastructure revenue bonds shall be authorized by resolution of the water development authority. These bonds shall bear such dates and shall mature at such times, in case of any note or renewal thereof not exceeding five years from the date of issue of the original note, and in the case of any bond not exceeding fifty years from the date of issue, as the resolution may provide. Infrastructure revenue bonds shall bear interest at a rate or rates, including variable rates, shall be taxable or tax-exempt, shall be in the denominations, shall be in registered form, shall carry the registration privileges, shall be payable in the medium and place of payment, and shall be subject to the terms of redemption as the water development authority may authorize. Infrastructure revenue bonds may be sold by the water development authority at public or private sale at the price the water development authority determines in

consultation with the council. Infrastructure revenue bonds shall be executed by the chairman and the vice chairman of the water development authority, either or both of whom may use a facsimile signature. The official seal of the water development authority or a facsimile thereof shall be affixed thereto or printed thereon and attested by manual or facsimile signature by the secretary-treasurer of the water development authority. If any officer whose signature, or a facsimile of whose signature appears on any infrastructure revenue bond ceases to be such officer before delivery of such bond, such signature or facsimile is nevertheless sufficient for all purposes to the same extent as if he or she had remained in office until such delivery, and if the seal of the water development authority has been changed after a facsimile has been imprinted on such bond, the facsimile will continue to be sufficient for all purposes.

(g) Any resolution authorizing any infrastructure revenue bonds may contain provisions, subject to any agreement with bondholders or noteholders which may then exist, which agreements shall be part of the contract with the holder thereof, with respect to the pledge of or other use and disposition of amounts in the infrastructure revenue debt service fund; the setting aside of reserve funds; the disposition of any assets of the water development authority; limitations on the purpose to which the proceeds of sale of bonds may be applied; the authorization of notes issued in anticipation of the issuance of bonds; an agreement of the water development authority to do all things necessary for the authorization, issuance and sale of such bonds in such amounts as may be necessary for the timely retirement of such notes; limitations on the issuance of additional bonds; the terms upon which additional bonds may be issued and secured; the refunding of outstanding bonds and the renewal of outstanding notes; the procedures, if any, by which the terms of any contract with bondholders or noteholders may be amended or abrogated; the amount of bonds the holders of which must consent thereto and the manner in which such consent may be given; and any other matter which in any way affects the security for or protection of the bonds.

(h) In the event that the sum of all reserves pledged to the payment of the bonds is less than the minimum reserve requirements established in any resolution or resolutions authorizing the issuance of the bonds, the chairman or the director of the water development authority shall certify, on or before the first day of December of each year, the amount of such deficiency to the governor of the state for inclusion, if the governor shall so elect, of the amount of such deficiency in the budget to be submitted to the next session of the Legislature for appropriation to the water development authority to be pledged for payment of such bonds: Provided, That the Legislature shall not be required to make any appropriations so requested, and the amount of such deficiencies shall not constitute a debt or liability of the state.

(i) Neither the officers or board members of the water development authority, nor any person executing the infrastructure revenue bonds, shall be liable personally on the bonds or be subject to any personal liability or accountability by reason of the issuance thereof. (1998, c. 180.)

Effective dates. — Acts 1998, c. 180, provided that the act take effect ninety days from passage (Mar. 14, 1998).

§ 31-15A-18. Trustee for holders of infrastructure revenue bonds; contents of trust agreement.

(a) Any infrastructure revenue bonds issued by the water development authority under this article shall be secured by a trust agreement between the water development authority and a corporate trustee, which trustee may be any trust company or banking institution having the powers of a trust company within this state.

(b) Any trust agreement may pledge or assign the infrastructure revenue debt service fund. Any trust agreement or any resolution providing for the issuance of such bonds may contain such provisions for protecting and enforcing the rights and remedies of the bondholders or noteholders as are reasonable and proper and not in violation of law, including the provisions contained in section seventeen [§ 31-15A-17] of this article, and covenants setting forth the duties of the water development authority in respect to the payment of the principal of and interest, charges and fees on loans made to, or bond purchases from, governmental agencies from the proceeds of the bonds, and the custody, safeguarding and application of all moneys. Any banking institution or trust company incorporated under the laws of this state which may act as depository of the proceeds of bonds or of the infrastructure debt service fund shall furnish such indemnifying bonds or pledge securities as are required by the water development authority. The trust agreement may set forth the rights and remedies of the bondholders and noteholders and of the trustee and may restrict individual rights of action by bondholders and noteholders as customarily provided in trust agreements or trust indentures securing similar bonds and notes. The trust agreement may contain such other provisions as the water development authority deems reasonable and proper for the security of the bondholders or noteholders. All expenses incurred in carrying out the provisions of any such trust agreement may be treated as part of the cost of the construction, renovation, repair, improvement or acquisition of a project or infrastructure project. (1998, c. 180.)

Effective dates. — Acts 1998, c. 180, provided that the act take effect ninety days from passage (Mar. 14, 1998).

§ 31-15A-19. Legal remedies of infrastructure revenue bondholders or noteholders and trustees.

Any holder of infrastructure revenue bonds issued pursuant to this article and the trustee under any trust agreement, except to the extent the rights given by this article may be restricted by the applicable resolution or trust agreement, may by civil action, mandamus or other proceedings protect and enforce any rights granted under the laws of this state or granted under this article, by the trust agreement or by the resolution in the issuance of the

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bonds, and may enforce and compel the performance of all duties required by this article, pursuant to the trust agreement or resolution, to be performed by the water development authority or any officer thereof. (1998, c. 180.)

Effective dates. — Acts 1998, c. 180, provided that the act take effect ninety days from passage (Mar. 14, 1998).

§ 31-15A-20. Infrastructure revenue bonds lawful investments.

All infrastructure revenue bonds issued pursuant to this article shall be lawful investments for banking institutions, societies for savings, building and loan associations, savings and loan associations, deposit guarantee associations, trust companies, and insurance companies, including domestic for life and domestic not for life insurance companies. (1998, c. 180.)

Effective dates. — Acts 1998, c. 180, provided that the act take effect ninety days from passage (Mar. 14, 1998).

§ 31-15A-21. Purchase and cancellation of infrastructure revenue bonds.

(a) The water development authority, subject to such agreements with noteholders or bondholders as may then exist, shall have the power, from any funds available therefor, to purchase or redeem infrastructure revenue bonds of the water development authority.

(b) If the infrastructure revenue bonds are then redeemable, the price of the purchase shall not exceed the redemption price then applicable, plus accrued interest to the next interest payment date thereon. If the infrastructure revenue bonds are not then redeemable, the price of the purchase shall not exceed the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption, plus accrued interest to such date. Upon purchase or redemption, the bonds shall be canceled. (1998, c. 180.)

Effective dates. — Acts 1998, c. 180, provided that the act take effect ninety days from passage (Mar. 14, 1998).

§ 31-15A-22. Refunding revenue bonds.

Any infrastructure revenue bonds issued pursuant to the provisions of this article and at any time outstanding may at any time and from time to time be refunded by the water development authority by the issuance of its refunding revenue bonds in an amount it deems necessary to refund the principal of the bonds to be refunded, together with any unpaid interest thereon, to provide additional funds for the water development authority to accomplish the purpose of this article, and to pay any premiums and commissions necessary to

be paid in connection therewith. Any refunding may be effected whether the infrastructure revenue bonds to be refunded shall have then matured or shall thereafter mature: Provided, That the holders of any infrastructure revenue bonds so to be refunded shall not be compelled without their consent to surrender their infrastructure revenue bonds for payment or exchange prior to the date on which they are payable or, if they are called for redemption, prior to the date on which they are by their terms subject to redemption. Any refunding revenue bonds issued pursuant to this article shall be payable from the West Virginia infrastructure revenue debt service fund, and shall be subject to the provisions contained in section seventeen [§ 31-15A-17] of this article, and shall be secured in accordance with the provisions of sections seventeen and eighteen [§§ 31-15A-17 and 31-15A-18] of this article. (1998, c. 180.)

Effective dates. — Acts 1998, c. 180, provided that the act take effect ninety days from passage (Mar. 14, 1998).

§ 31-15A-23. Infrastructure revenue bonds not debt of state, county, municipality or any political subdivision.

Infrastructure revenue bonds issued pursuant to the provisions of this article shall not constitute a debt or a pledge of the faith and credit or taxing power of this state or of any county, municipality or any other political subdivision of this state. The holders or owners thereof shall have no right to have taxes levied by the Legislature or the taxing authority of any county, municipality or any other political subdivision of this state for the payment of the principal thereof or interest thereon. The bonds shall be payable solely from the revenues and funds pledged for their payment as authorized by this article. All such bonds shall contain on the face thereof a statement to the effect that the bonds, as to both principal and interest, are not debts of the state or any county, municipality or political subdivision thereof, but are payable solely from revenues and funds pledged for their payment. (1998, c. 180.)

Effective dates. — Acts 1998, c. 180, provided that the act take effect ninety days from passage (Mar. 14, 1998).

§ 31-15A-24. Infrastructure revenue bonds exempt from taxation.

The exercise of the powers granted to the water development authority by this article will be in all respects for the benefit of the people of the state, for the improvement of their health, safety, convenience and welfare and for the enhancement of their residential, agricultural, recreational, economic, commercial and industrial opportunities and is for a public purpose. As the construction, acquisition, repair or renovation of projects or infrastructure projects will constitute the performance of essential governmental functions,

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the water development authority shall not be required to pay any taxes or assessments upon any project or upon any property acquired or used by the water development authority or upon the income therefrom. The infrastructure revenue bonds and all interest and income thereon shall be exempt from all taxation by this state, or any county, municipality, political subdivision or agency thereof, except estate taxes. (1998, c. 180.)

Effective dates. — Acts 1998, c. 180, provided that the act take effect ninety days from passage (Mar. 14, 1998).

ARTICLE 15B.

INFRASTRUCTURE BONDS.

Sec.
31-15B-2. Infrastructure general obligation bonds: amount; when may issue.

§ 31-15B-2. Infrastructure general obligation bonds; amount; when may issue.

Bonds of the state of West Virginia, under authority of the infrastructure improvement amendment of 1994, of the par value not to exceed in the aggregate three hundred million dollars, are hereby authorized to be issued and sold solely for the construction, extension, expansion, rehabilitation, repair and improvement of water supply and sewage treatment systems and for the acquisition, preparation, construction and improvement of sites for economic development as provided for by the constitution and the provisions of this article.

These bonds may be issued by the governor upon resolution by the infrastructure council and certification to the governor. The bonds shall bear such date and mature at such time, bear interest at such rate not to exceed eight percent per annum, be in such amounts, be in such denominations, be in such registered form, carry such registration privileges, be due and payable at such time and place and in such amounts, and subject to such terms of redemption as such resolution may provide: Provided, That in no event may the amount of bonds outstanding exceed an amount for which twenty-four million dollars would not be sufficient to provide annual service on the total amount of debt outstanding.

Both the principal and interest of the bonds shall be payable in the lawful money of the United States of America and the bonds and the interest thereon shall be exempt from taxation by the state of West Virginia, or by any county, district or municipality thereof, which fact shall appear on the face of the bonds as part of the contract with the holder of the bond.

The bonds shall be executed on behalf of the state of West Virginia, by the manual or facsimile signature of the treasurer thereof, under the great seal of the state or a facsimile thereof, and countersigned by the manual or facsimile signature of the auditor of the state. (1995, c. 130; 1998, c. 180.)

Effect of amendment of 1998. — The amendment, effective June 12, 1998, in the second paragraph, substituted "twenty-four million dollars" for "sixteen million dollars."

ARTICLE 16.

WEST VIRGINIA STEEL FUTURES PROGRAM.

Sec.
31-16-1. Legislative intent; purpose and administration.
31-16-2. Steel advisory commission; membership, appointment, terms, quorum and selection of officers.
31-16-3. General powers of the commission.
31-16-4. Steel futures program.
31-16-5. Continuation of program.

§ 31-16-1. Legislative intent; purpose and administration.

The Legislature recognizes that the steel industry plays a significant role in West Virginia's economy, and the industry's survival and success is of significant importance to the residents and the tax base of the state. Because of this significant economic role, there is hereby created in the bureau of commerce a steel advisory commission and a new program entitled "The Steel Futures Program". The purpose of the commission and the program is to preserve and improve the economy of the state by promoting employment and increased productivity, thereby ensuring continued economic development consistent with these goals, and to maintain a high standard of living for the residents of the state. The commission, through the steel futures program, may supplement any other enterprise assistance program administered by the West Virginia development office. The steel futures program shall be administered so as to provide financial and technical assistance as provided in this article to increase the competitiveness of existing steel and steel-related industries within the state and to encourage the establishment and development of new steel and steel-related industries within the state. (1993, c. 128; 1997, c. 169.)

Effect of amendment of 1997. — The amendment, in the second sentence, substituted "bureau of commerce" for "West Virginia department of commerce, labor and environmental resources"; and in the fourth sentence, substituted "West Virginia development office" for "West Virginia department of commerce, labor and environmental resources."

§ 31-16-2. Steel advisory commission; membership, appointment, terms, quorum and selection of officers.

(a) There is hereby created the West Virginia steel advisory commission within the bureau of commerce, which shall consist of fifteen members. The governor or his or her designee shall be a member of the commission and shall serve as its chairperson. Ten members shall be appointed by the governor with the advice and consent of the Senate. At least four of the members appointed by the governor shall be senior management representatives of steel manufacturing companies that employ over fifty people. At least two of the members appointed by the governor shall be representatives of organized labor. One of the members appointed by the governor shall be a member of the united