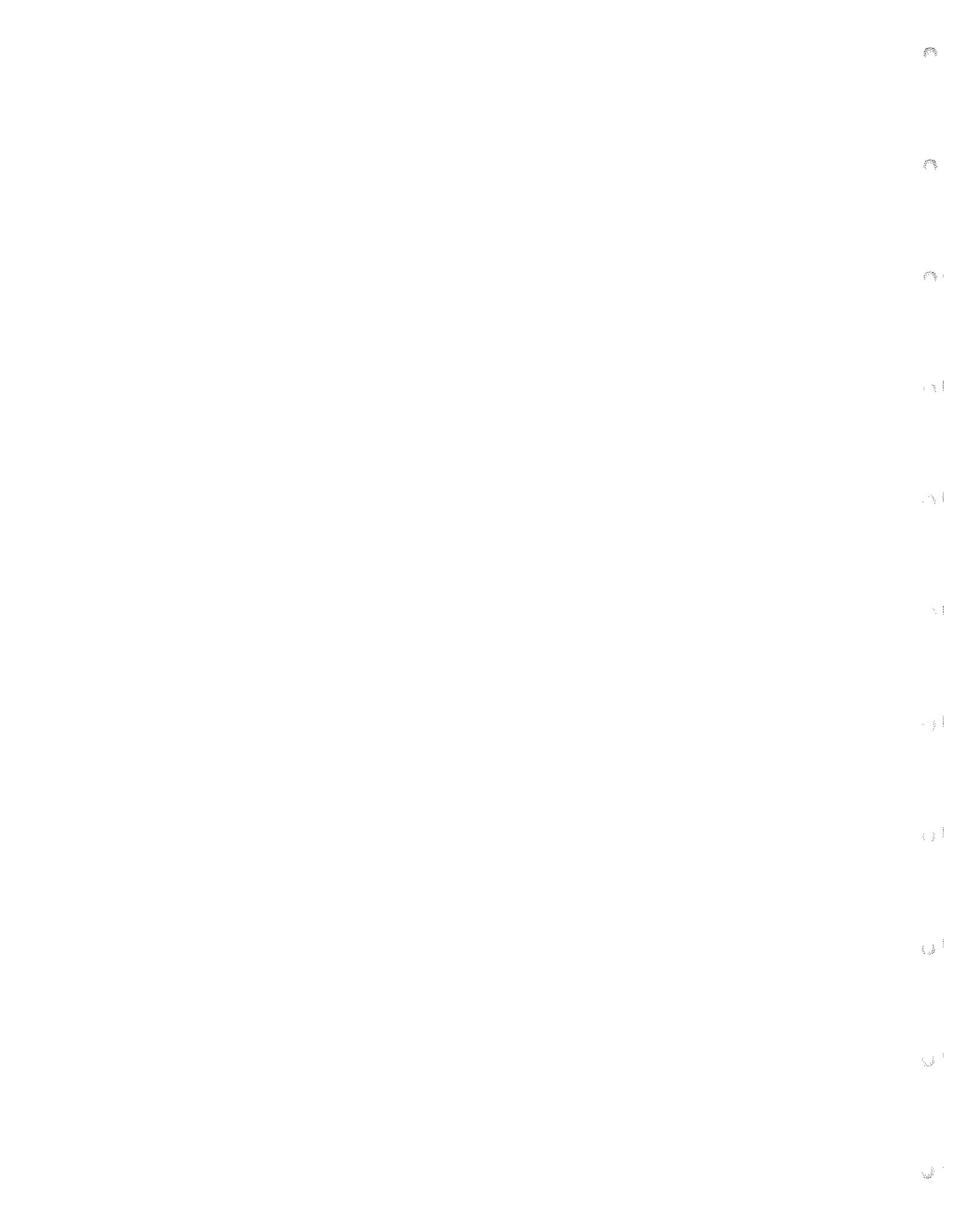


**SOUTHERN JACKSON COUNTY
PUBLIC SERVICE DISTRICT**

**\$380,000 Water Revenue Bonds
(West Virginia Infrastructure Fund)
Series 1998 A**

CLOSING DATE: May 22, 1998



SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

\$380,000 Water Revenue Bonds
(West Virginia Infrastructure Fund)
Series 1998 A

TRANSCRIPT OF PROCEEDINGS

CLOSING DATE: May 22, 1998

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The closing of the sale of Southern Jackson County Public Service District \$380,000 Water Revenue Bonds (West Virginia Infrastructure Fund), Series 1998 A, dated May 22, 1998, to the West Virginia Water Development Authority will take place at the offices of the West Virginia Water Development Authority, 180 Association Drive, Charleston, West Virginia, at 10:00 a.m. on May 22, 1998. No document shall be deemed to have been delivered unless and until all transactions are complete and all documents are delivered.



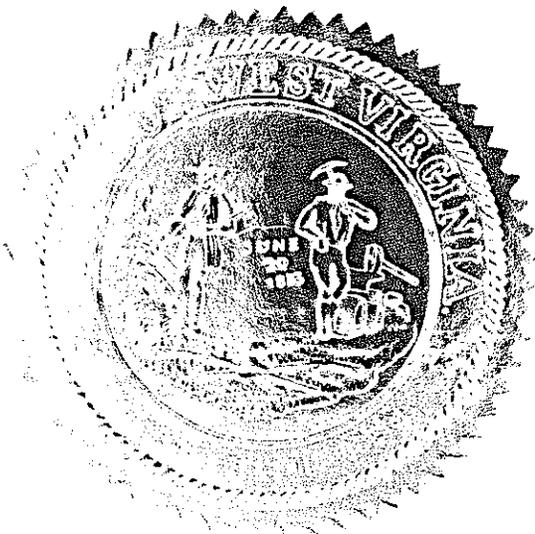
State of West Virginia



Certificate

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

THIS IS A TRUE COPY OF CHAPTER 16, ARTICLE 13A OF THE WEST VIRGINIA CODE AND CHAPTER 16, ARTICLE 13A OF THE 1997 CUMULATIVE SUPPLEMENT TO THE WEST VIRGINIA CODE AS INDICATED BY THE RECORDS OF THIS OFFICE.



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

*Twentieth day of
May 19 98*

Ken Heckler

*Secretary of State
by Mary J. Galt, Dep.*

§ 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.

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| <p>16-13A-1. Legislative findings.</p> <p>16-13A-1a. Jurisdiction of the public service commission.</p> <p>16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.</p> <p>16-13A-1c. General purpose of districts.</p> <p>16-13A-2. Creation of districts by county commission; enlarging, reducing or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.</p> <p>16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.</p> <p>16-13A-3a. Removal of members of public service board.</p> <p>16-13A-4. Board chairman; members' compensation; procedure; district name.</p> <p>16-13A-5. General manager of board.</p> <p>16-13A-6. Employees of board.</p> <p>16-13A-7. Acquisition and operation of district properties.</p> <p>16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.</p> <p>16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.</p> <p>16-13A-9a. Limitations with respect to foreclosure.</p> | <p>Sec.</p> <p>16-13A-10. Budget.</p> <p>16-13A-11. Accounts; audit.</p> <p>16-13A-12. Disbursement of district funds.</p> <p>16-13A-13. Revenue bonds.</p> <p>16-13A-14. Items included in cost of properties.</p> <p>16-13A-15. Bonds may be secured by trust indenture.</p> <p>16-13A-16. Sinking fund for revenue bonds.</p> <p>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.</p> <p>16-13A-18. Operating contracts.</p> <p>16-13A-18a. Sale, lease or rental of water, sewer or gas system by district; distribution of proceeds.</p> <p>16-13A-19. Statutory mortgage lien created; foreclosure thereof.</p> <p>16-13A-20. Refunding revenue bonds.</p> <p>16-13A-21. Complete authorization; district to be public instrumentality; tax exemption.</p> <p>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.</p> <p>16-13A-23. Validation of acts and proceedings of public service boards.</p> <p>16-13A-24. Acceptance of loans, grants or temporary advances.</p> <p>16-13A-25. Borrowing and bond issuance; procedure.</p> |
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Editor's notes. — For redesignation of department of health as division of health, within the department of health and human resources, see § 5F-2-1.

Textbooks. — Instructions for Virginia and West Virginia (3rd ed.), § 24-128.10.

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

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

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

Public service districts are "public utilities." 50 Op. Atty Gen. 447 (1963).

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

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

§ 16-13A-1. Legislative findings.

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

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

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

The county courts (now county commissions) may not supersede the authority delegated by them to public service districts created in accordance with the provi-

sions of this article. *Op. Atty Gen., June 27, 1973.*

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

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

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

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

- (a) To study, modify, approve, deny or amend the plans created under section one-b (§ 16-13A-1b) of this article for consolidation or merger of public service districts and their facilities, personnel or administration;
- (b) To petition the appropriate circuit court for the removal of a public service district board member or members; and
- (c) To create by general order a separate division within the public service commission to provide assistance to public service districts in technological, operational, financial and regulatory matters. (1986, c. 81.)

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

Each county commission shall conduct a study of all public service districts which have their principal offices within its county and shall develop a plan relating to the creation, consolidation, merger, expansion or dissolution of such districts or the consolidation or merger of management and administrative services and personnel and shall present such plan to the public service commission for approval, disapproval, or modification: Provided, That within ninety days of the effective date of this section 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.)

Effect of amendment of 1994. — The department of natural resources; deleted "and amendment substituted "bureau of public regulations" following "rules" in the last sentence; and made stylistic changes. "division of environmental protection" for "de-

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

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

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

The county commission of any county may, on its own motion by order duly adopted or upon the recommendation of the public service commission, propose the creation of such public service district within such county, setting forth in

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

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

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

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

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

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. Atty Gen. 33 (1966).

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

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

Relative powers of commission and voters in area. — (1) Only the county commission has the affirmative authority to create, enlarge or reduce a public service district; (2) in the absence of any action by a county commission, the requisite number of qualified voters in the affected geographic area may petition a county commission to create, enlarge or reduce a public service district, and, that upon the filing of such petition, a hearing shall be held thereon; (3) the county commission may, in its discretion, refuse to act in an affirmative manner upon such formal petition for creation, enlarge-

ment 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. Atty Gen., Nov. 13, 1975.

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

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

Merger or consolidation of districts. — This section authorizes either merger or consolidation of public service districts. Op. Atty 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 commission; or as the surviving corporation, and with respect to a consolidation, will be a new corporate entity. Op. Atty Gen., June 12, 1985, No. 9.

Cited in State v. Neary, 365 S.E.2d 895 (W. Va. 1987).

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

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

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

Textbooks. — Instructions for Virginia and West Virginia (3rd ed.), § 24-128.10.

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

And there is no unconstitutional delegation of judicial functions to the county court (now county commission) made by this section.

boards.

§ 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

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boards.

boards.

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 such board member's term has expired or such board member has resigned from the district board. The members shall be appointed in the following manner:

Each city, incorporated town or other municipal corporation having a population of more than three thousand but less than eighteen thousand is entitled to appoint one member of the board, and each such city, incorporated town or other municipal corporation having a population in excess of eighteen thousand shall be entitled to appoint one additional member of the board for each additional eighteen thousand population. The members of the board representing such cities, incorporated towns or other municipal corporations shall be residents thereof and shall be appointed by a resolution of the governing bodies thereof and upon the filing of a certified copy or copies of the resolution or resolutions in the office of the clerk of the county commission which entered the order creating the district, the persons so appointed 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.

If no city, incorporated town or other municipal corporation having a population of more than three thousand is included within the district, then the county commission which entered the order creating the district shall appoint three members of the board, who are persons residing within the district, which three members become members of the board of the district without any further act or proceedings.

If the number of members of the board appointed by the governing bodies of cities, incorporated towns or other municipal corporations included within the district is less than three, then the county commission which entered the order creating the district shall appoint such additional member or members of the board, who are persons residing within the district, as is necessary to make the number of members of the board equal three; and the 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.

The respective terms of office of the members of the first board shall be fixed by the county commission and shall be as equally divided as may be, that is approximately one third of the members for a term of two years, a like number for a term of four, and the term of the remaining member or members for six years, from the first day of the month during which the appointments are made. The first members of the board appointed as aforesaid shall meet at the office of the clerk of the county commission which entered the order creating the district as soon as practicable after the appointments and shall qualify by taking an oath of office: Provided, That any member or members of the board may be removed from their respective office as provided in section three-a (§ 16-13A-3a) of this article.

Any vacancy shall be filled for the unexpired term within thirty days, otherwise successor members of the board shall be appointed for terms of six years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be appointed in the same manner as the member succeeded was appointed.

The board shall organize within thirty days following the first appointments and annually thereafter at its first meeting after the first day of January of each year by selecting one of its members to serve as 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 inspec-

tion 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.)

Effect of amendment of 1994. — The amendment, in the second paragraph, substituted "bureau of public health" for "department of health," and substituted "division of environmental protection" for "department of natural resources"; in the third paragraph, deleted "not" prior to "less than eighteen thousand," deleted "shall thereby" prior to "become members," and substituted "so appointed are" for "shall be and constitute"; deleted "and constitute" prior to "the board of the district" in the fourth paragraph; deleted "additional" prior to "member or members" in the fifth paragraph; deleted "and regulations" following "rules" in the seventh paragraph; deleted "the" prior to "same out on orders" in the penultimate paragraph; and made stylistic changes.

Textbooks. — Instructions for Virginia and West Virginia (3rd ed.), § 24-128.10.

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).

§ 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 (3rd ed.), § 24-128.10.

§ 16-13A-4. Board chairman; members' compensation; procedure; district name.

The chairman shall preside at all meetings of the board and may vote as any other members of the board but if he should be absent from any meeting, the remaining members may select a temporary chairman and if the member selected as chairman resigns as such or ceases for any reason to be a member of the board, the board shall select one of its members as chairman to serve until the next annual organization meeting. Salaries of each of its board members shall be as follows: For districts with fewer than six hundred customers, each board member shall receive fifty dollars per attendance at regular monthly meetings and thirty dollars per attendance at additional special meetings, total salary not to exceed nine hundred dollars per annum; for districts with six hundred customers or more but fewer than two thousand customers, each board member shall receive one hundred dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed eighteen hundred dollars per annum; and for districts with two thousand customers or more, each board member shall receive one hundred dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed three thousand dollars per annum. The public service district shall certify the number of customers served to the public service commission beginning on the first day of July, one thousand nine hundred eighty-six, and continue each fiscal year thereafter. Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties as provided for by the rules and regulations of the board. The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings may be called. Public notice of meetings shall be given in accordance with section three (§ 6-9A-3), article nine-a, chapter six of this code. Emergency meetings may be called as provided by section three (§ 6-9A-3), article nine-a, chapter six of this code. A majority of the members constituting the board also constitute a quorum to do business. The members of the board are not personally liable or responsible for any obligations of the district or the board but are answerable only for willful misconduct in the performance of their duties. At any time prior to the issuance of bonds as hereinafter provided, the board may by resolution change the official or corporate name of the public service district and such change shall be effective from and after filing an authenticated copy of such resolution with the clerk of the county commission of each county in which the territory embraced within such district or any part thereof is located. The official name of any district created under the provisions of this article may contain the name or names of any city, incorporated town or other municipal corporation included therein or the name of any county or counties in which it is located. (1953, c. 147; 1981, c. 124; 1986, c. 81.)

Compensation of board members for performing additional duties prohibited. — Board members of a public service district could not be compensated for performing the duties of treasurer and/or secretary, or for reading meters for the public service district. Op. Atty 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 or 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. (1963, c. 147; 1981, c. 124; 1986, c. 81.)

§ 16-13A-6. Employees of board.

The board may in its discretion from time to time by resolution passed by a majority vote provide for the employment of an attorney, fiscal agent, one or more engineers and such other employees as the board may determine necessary and expedient. The board shall in and by such resolution fix the term of employment and compensation and prescribe the duties to be performed by such employees. (1953, c. 147; 1981, c. 124.)

§ 16-13A-7. Acquisition and operation of district properties.

The board of such districts shall have the supervision and control of all public service properties acquired or constructed by the district, and shall have the power, and it shall be its duty, to maintain, operate, extend and improve the same. All contracts involving the expenditure by the district of more than five thousand dollars for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after

notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be as specified in section two [§ 16-13A-2] of this article in the county or counties in which the district is located. The publication shall not be less than ten days prior to the making of any such contract. To the extent allowed by law, in-state contractors shall be given first priority in awarding public service district contracts. It shall be the duty of the board to ensure that local in-state labor shall be utilized to the greatest extent possible when hiring laborers for public service district construction or maintenance repair jobs. It shall further be the duty of the board to encourage contractors to use American-made products in their construction to the extent possible. Any obligations incurred of any kind or character shall not in any event constitute or be deemed an indebtedness within the meaning of any of the provisions or limitations of the constitution, but all such obligations shall be payable solely and only out of revenues derived from the operation of the public service properties of the district or from proceeds of bonds issued as hereinafter provided. No continuing contract for the purchase of materials or supplies or for furnishing the district with electrical energy or power shall be entered into for a longer period than fifteen years. (1953, c. 147; 1967, c. 105; 1981, c. 124; 1982, c. 24; 1986, c. 81.)

§ 16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.

The board may acquire any publicly or privately owned public service properties located within the boundaries of the district regardless of whether or not all or any part of such properties are located within the corporate limits of any city, incorporated town or other municipal corporation included within the district and may purchase and acquire all rights and franchises and any and all property within or outside the district necessary or incidental to the purpose of the district.

The board may construct any public service properties within or outside the district necessary or incidental to its purposes and each such district may acquire, construct, maintain and operate any such public service properties within the corporate limits of any city, incorporated town or other municipal corporation included within the district or in any unincorporated territory within ten miles of the territorial boundaries of the district. Provided, That if any incorporated city, town or other municipal corporation included within the district owns and operates either water facilities, sewer facilities or gas facilities or all of these, then the district may not acquire, construct, establish, improve or extend any public service properties of the same kind within such city, incorporated towns or other municipal corporations or the adjacent unincorporated territory served by such cities, incorporated towns or other municipal corporations, except upon the approval of the public service commission, the consent of such cities, incorporated towns or other municipal corporations and in conformity and compliance with the rights of the holders

of any revenue bonds or obligations theretofore issued by such cities, incorporated towns or other municipal corporations then outstanding and in accordance with the ordinance, resolution or other proceedings which authorize the issuance of such revenue bonds or obligations.

Whenever such district has constructed, acquired or established water facilities, sewer facilities or gas facilities for water, sewer or gas services within any city, incorporated town or other municipal corporation included within a district, then such city, incorporated town or other municipal corporation may not thereafter construct, acquire or establish any facilities of the same kind within such city, incorporated town or other municipal corporation without the consent of such district.

For the purpose of acquiring any public service properties or lands, rights or easements deemed necessary or incidental for the purposes of the district, each such district has the right of eminent domain to the same extent and to be exercised in the same manner as now or hereafter provided by law for such right of eminent domain by cities, incorporated towns and other municipal corporations. Provided, That such board may not acquire all or any substantial part of a privately owned waterworks system unless and until authorized so to do by the public service commission of West Virginia, and that this section shall not be construed to authorize any district to acquire through condemnation proceedings either in whole or substantial part an existing privately owned waterworks plant or system or gas facilities located in or furnishing water or gas service within such district or extensions made or to be made by it in territory contiguous to such existing plant or system, nor may any such board construct or extend its public service properties to supply its services into areas served by or in competition with existing waterworks or gas facilities or extensions made or to be made in territory contiguous to such existing plant or system by the owner thereof. (1953, c. 147; 1980, c. 60; 1981, c. 124.)

District may exercise control over sewers where ownership is unknown unincorporated areas. 45 Op. Atty Gen. 506 (1953).

Valid grant of power of eminent domain. — The grant of power of eminent domain to public service districts by this section is valid. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Nuisance is element of just compensation. — 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).

§ 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, man-

agement, 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.)

Effect of amendment of 1994. — The amendment substituted "bureau of public health" for "department of health" throughout the section; deleted "and regulations" following "reasonable rules" in the first paragraph and following "all rules" in the second paragraph; and made stylistic changes.

Lien not a deprivation of property without due process. — The provision that delinquent rates and charges for services rendered by a public service district shall be a lien on the premises served of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes, does not deprive the owners of their property without due process of law. *State ex rel. McMillion v. Stahl*, 141 W. Va. 233, 89 S.E.2d 693 (1955).

Requiring connections with sewer facilities. — The boards of public service districts have no authority to require potential users who live outside the boundaries of the districts, but within the 10-mile limit, to hook onto the district's sewer facilities. *Op. Atty. Gen.*, July 8, 1976.

Abandonment of private systems. — Where a public service district requires a property owner, tenant, or occupant to connect onto its sewer system and to abandon a private sewer system located on the property, such person cannot recover from the public service district the value of the private system on the ground that such abandonment constitutes a taking of private property without just compensation within the meaning of W. Va. Const., art.

III, § 9. Kingmill Valley Pub. Serv. Dist. v. Dist., 301 S.E.2d 601 (W. Va. 1983) (construing Riverview Estates Mobile Home Park, 182 W. Va. 116, 386 S.E.2d 483 (1989)).

When duty arises. — Owners, tenants, or occupants have a duty under this section to pay rates and charges for the district sewer facilities from and after the date of receipt of notice (now 30 days after receipt) that such facilities are available. *Rhodes v. Maiden Pub. Serv.* 423 S.E.2d 914 (1992).

§ 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 (3rd ed.), § 24-128.10.

§ 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 (3rd ed.), § 24-128.10.

§ 16-13A-12. Disbursement of district funds.

No money may be paid out by a district except upon an order signed by the chairman and secretary of such board, or such other person or persons authorized by the chairman or secretary, as the case may be, to sign such orders on their behalf. Each order for the payment of money shall specify the purposes for which the amount thereof is to be paid, with sufficient clearness to indicate the purpose for which the order is issued, and there shall be endorsed thereon the name of the particular fund out of which it is payable and it shall be payable from the fund constituted for such purpose, and no other. All such orders shall be reflected in the minutes of the next meeting of the board. (1953, c. 147; 1981, c. 124.)

§ 16-13A-13. Revenue bonds.

For constructing or acquiring any public service properties for the authorized purposes of the district, or necessary or incidental thereto, and for constructing improvements and extensions thereto, and also for reimbursing or paying the costs and expenses of creating the district, the board of any such district is hereby authorized to borrow money from time to time and in evidence thereof issue the bonds of such district, payable solely from the revenues derived from the operation of the public service properties under control of the district. Such bonds may be issued in one or more series, may bear such date or dates, may mature at such time or times not exceeding forty

years from their respective dates, may bear interest at such rate or rates not exceeding eighteen percent per annum payable at such times, may be in such form, may carry such registration privileges, may be executed in such manner, may be payable at such place or places, may be subject to such terms of redemption with or without premium, may be declared or become due before maturity date thereof, may be authenticated in any manner, and upon compliance with such conditions, and may contain such terms and covenants as may be provided by resolution or resolutions of the board. Notwithstanding the form or tenor thereof, and in the absence of any express recital on the face thereof, that the bond is nonnegotiable, all such bonds shall be, and shall be treated as, negotiable instruments for all purposes. Bonds bearing the signatures of officers in office on the date of the signing thereof shall be valid and binding for all purposes notwithstanding that before the delivery thereof any or all of the persons whose signatures appear thereon shall have ceased to be such officers. Notwithstanding the requirements or provisions of any other law, any such bonds may be negotiated or sold in such manner and at such time or times as is found by the board to be most advantageous, and all such bonds may be sold at such price that the interest cost of the proceeds therefrom does not exceed nineteen percent per annum, based on the average maturity of such bonds and computed according to standard tables of bond values. Any resolution or resolutions providing for the issuance of such bonds may contain such covenants and restrictions upon the issuance of additional bonds thereafter as may be deemed necessary or advisable for the assurance of the payment of the bonds thereby authorized. (1953, c. 147; 1970, cc. 11, 12; 1970, 1st Ex. Sess., c. 2; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 1989, c. 174.)

Cross references. --- Procedure for borrowing and issuing bonds, § 16-13A-25.

§ 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 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

resolution authorizing the issuance of bonds, or in any trust indenture securing such bonds, that such contracts or agreements shall be valid and binding upon the district as long as any of said bonds, or interest thereon, are outstanding and unpaid. (1953, c. 147.)

§ 16-13A-18a. Sale, lease or rental of water, sewer or gas system by district; distribution of proceeds.

In any case where a public service district owns a water, sewer or gas system, and all the members of the public service board thereof deem it for the best interests of the district to sell, lease or rent such water, sewer or gas system to any municipality or privately owned water, sewer or gas system, or to any water, sewer or gas system owned by an adjacent public service district, the board may so sell, lease or rent such water, sewer or gas system upon such terms and conditions as said board, in its discretion, considers in the best interests of the district: Provided, That such sale, leasing or rental may be made only upon approval by the public service commission of West Virginia.

In the event of any such sale, the proceeds thereof, if any, remaining after payment of all outstanding bonds and other obligations of the district, shall be ratably distributed to any persons who have made contributions in aid of construction of such water, sewer or gas system, such distribution not to exceed the actual amount of any such contribution, without interest, and any balance of funds thereafter remaining shall be paid to the county commission of the county in which the major portion of such water, sewer or gas system is located to be placed in the general funds of such county commission. (1963, c. 75; 1981, c. 124; 1986, c. 81.)

§ 16-13A-19. Statutory mortgage lien created; foreclosure thereof.

There shall be and is hereby created a statutory mortgage lien upon such public service properties of the district, which shall exist in favor of the holders of bonds hereby authorized to be issued, and each of them, and the coupons attached to said bonds, and such public service properties shall remain subject to such statutory mortgage lien until payment in full of all principal of and interest on such bonds. Any holder of such bonds, of any coupons attached thereto, may, either at law or in equity, enforce said statutory mortgage lien conferred hereby and upon default in the payment of the principal of or interest on said bonds, may foreclose such statutory mortgage lien in the manner now provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property. (1953, c. 147.)

Rules of Civil Procedure. — As to abolition of the procedural distinctions between law and equity, see Rule 2.
The provision granting to bondholders a

statutory mortgage lien is valid. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955).

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(e)(6).

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 rev-

enue 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

§ 16-13A-20. Refunding revenue bonds.

The board of any district having issued bonds under the provisions of this article is hereby empowered thereafter by resolution to issue refunding bonds of such district for the purpose of retiring or refinancing such outstanding bonds, together with any unpaid interest thereon and redemption premium thereunto appertaining and all of the provisions of this article relating to the issuance, security and payment of bonds shall be applicable to such refunding bonds, subject, however, to the provisions of the proceedings which authorized the issuance of the bonds to be so refunded. (1953, c. 147.)

The only purpose for refunding bonds is language in this section. Op. Atty Gen., July 8, the retirement or refinancing of outstanding 1976.
 bond issues of a particular district. Op. Atty Gen., July 8, 1976.
 Previous issuance of bonds required. — This section is clearly written in language which speaks only of refunding bonds issued by any district which has previously issued bonds. Combination of two outstanding bond issues into one refunding bond issue may well be restricted by the use of the singular Op. Atty Gen., July 8, 1976.

§ 16-13A-21. Complete authority of article; liberal construction; district to be public instrumental-ity; 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 commis-sion of West Virginia, the bureau of public health, the division of environmen-tal 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.)

Effect of amendment of 1994. — The public exemption granted to the property, income, and health, the division of environmental protec-tion and the environmental quality board" for "state department of health and the state water resources board"; deleted "declared" preceding "a public instrumentality"; and made stylistic changes. Tax exemption constitutional. — The tax bonds of the district does not violate W. Va. Const., art. X, § 1. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693 (1955). Applied in Rhodes v. Malden Pub. Serv. Dist., 301 S.E.2d 601 (W. Va. 1983).

§ 16-13A-22. Validation of prior acts and proceedings of county courts for creation of districts, inclu-sion of additional territory, and appointment of members of district boards.

All acts and proceedings taken by any county court of this State purporting to have been carried out under the provisions of this article which have been taken, prior to the date this section takes effect [January 29, 1960], for the purpose of creating public service districts or for the purpose of subsequent inclusion of additional territory to existing public service districts, after notice published by any such county court having territorial jurisdiction thereof of its intention to include such additional territory after hearing thereon, are hereby validated, ratified, approved and confirmed notwithstanding any other lack of power (other than constitutional) of any such county court to create such public service districts or to include additional territory to existing public service districts or irregularities (other than constitutional) in such proceedings, relating to the appointment and qualification of more than three members to the board of any such public service district or the subsequent appointment of successors of any or all of such members, notwithstanding that no city, incorporated town or other municipal corporation having a population in excess of three thousand is included within the district, and the appointment and qualification of such members, and further including any irregularities in the petition for the creation of any public service district, irregularities in the description of the area embraced by such district, and irregularities in the notice and publication of notice for the hearing creating such district, prior to the date this section takes effect, is hereby validated, ratified, approved and confirmed; and, further, in such cases where more than three members of the board of such districts have been so appointed prior to the date this section takes effect then such county court shall appoint, and they are hereby authorized and empowered to appoint, successors to such members in the manner as otherwise provided by this article. (1958, c. 14; 1960, c. 19.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

§ 16-13A-23. Validation of acts and proceedings of public service boards.

All acts and proceedings taken by any public service board the members of which were appointed, prior to the date this section takes effect [March 13, 1965], by any county court of this State having territorial jurisdiction thereof, are hereby validated, ratified, approved and confirmed, as to defects and irregularities which may otherwise exist on account of their appointment and qualification: Provided, however, That nothing herein contained shall be construed to excuse a criminal act. (1958, c. 14; 1960, c. 19; 1965, c. 134.)

Editor's notes. — As to the designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

§ 16-13A-24. Acceptance of loans, grants or temporary advances.

Any public service district created pursuant to the provisions of this article is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of construction or acquisition of water systems, sewage systems or gas facilities, or all of these, and the other purposes herein authorized, from any authorized agency or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of the bonds authorized to be issued under the provisions of this article, the revenues of the said water system, sewage system or gas facilities or grants to the public service district from any authorized agency or from the United States of America or any federal or public agency or department of the United States or from any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any authorized agency or the United States of America or any federal or public agency or 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 by public service districts. — 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. Atty Gen., May 6, 1998, 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 sections thirteen, twenty or twenty-four (§§ 16-13A-13, 16-13A-20 or 16-13A-24) of this article, without the prior consent and approval of the public service commission. Unless the properties to be constructed or acquired represent ordinary extensions or repairs of existing systems in the usual course of business, a public service district must first obtain a certificate of public convenience and necessity from the public service commission in accordance with the provisions

of chapter twenty-four [§ 24-1-1 et seq.] of this code, when a public service district is seeking to acquire or construct public service property.

Sixty days prior to making formal application for said certificate, the public service district shall prefile with the public service commission its plans and supporting information for said project and shall publish a Class II legal advertisement in a newspaper or newspapers of general circulation in each city, incorporated town or municipal corporation if available in the district, which legal advertisement shall state:

(a) The amount of money to be borrowed, or the amount of revenue bonds to be issued: Provided, That if the amount is an estimate, the notice may be stated in terms of an amount "not to exceed" a specific amount;

(b) The interest rate and terms of the loan or bonds: Provided, That if the interest rate is an estimate, the notice may be stated in terms of a rate "not to exceed" a specific rate;

(c) The public service properties to be acquired or constructed, and the cost of same;

(d) The anticipated rates which will be charged by the district: Provided, That if the rates are an estimate, the notice may be stated in terms of rates "not to exceed" a specific rate; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the public service commission. The public service commission may grant its consent and approval for the certificate, or any other request for approval under this section, subject to such terms and conditions as may be necessary for the protection of the public interest, pursuant to the provisions of chapter twenty-four [§ 24-1-1 et seq.] of this code, or may withhold such consent and approval for the protection of the public interest.

In the event of disapproval, the reasons therefor shall be assigned in writing by the commission. (1969, 1st Ex. Sess., c. 6; 1981, c. 124; 1986, c. 81.)

Cross references. — Class II legal advertisement defined, § 59-3-2.

Certificate of necessity and convenience. — 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 not subject to public service commission review. — 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.

Sec.

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;

WEST VIRGINIA CODE

ANNOTATED

VOLUME 5A

1995 Replacement

1997 Supplement

**Including Acts passed during the 1997 Regular and First
Extraordinary Sessions**

Prepared by the Editorial Staff of the Publishers

Under the Supervision of

RICHARD W. WALTER, JR.

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§ 16-9A-1. Legislative intent.

Secondary smoke as battery, 46 ALR5th 813. W. Va. Law Review. — Hall, "Secondhand

Smoke as an Issue in Child Custody/Visitation Disputes," 97 W. Va. L. Rev. 115 (1994).

§ 16-9A-4. Use of tobacco or tobacco products in certain areas of certain public schools prohibited; penalty.

ALR references. — Secondary smoke as battery, 46 ALR5th 813. W. Va. Law Review. — Hall, "Secondhand

Smoke as an Issue in Child Custody/Visitation Disputes," 97 W. Va. L. Rev. 115 (1994).

ARTICLE 13.

SEWAGE WORKS OF MUNICIPAL CORPORATIONS AND SANITARY DISTRICTS.

§ 16-13-16. Rates for service; change or readjustment; hearing; lien and recovery; discontinuance of services.

Applicability. — Although the public service commission concluded that cities providing only sewer service are not covered by this section, which applies to municipalities that provide both water and sewer service, the dis-

trict court implicitly rejected the commission's interpretation. City of Charleston v. Public Serv. Comm'n, 57 F.3d 385 (4th Cir.), cert. denied, — U.S. —, 116 S. Ct. 474, 133 L. Ed. 2d 404 (1995).

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec.

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.

Sec.

16-13A-4. Board chairman; members' compensation; procedure; district name.
 16-13A-7. Acquisition and operation of district properties.
 16-13A-18a. Sale, lease or rental of water, sewer or gas system by district; distribution of proceeds.
 16-13A-25. Borrowing and bond issuance; procedure.

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

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-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, 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.)

Effect of amendment of 1995. — The amendment added the subsection designations; in (a), rewrote the former first sentence as the present first two sentences; inserted "enlargement, reduction, merger, dissolution or consolidation" following "creation" throughout (c), (d), and (e); inserted "enlarge, reduce, merge, dissolve or consolidate" twice in (e); rewrote (f); (g), substituted "create" for "establish" in the first sentence, deleted "with like effect as if a

district were being created" from the end of the second sentence, and substituted "enlargement" for "expansion" in the third sentence; and made stylistic changes.

Editor's notes. — Concerning the reference in (a) to "the effective date of this section," this language was added by Acts 1986, c. 81, which passed March 8, 1986, and became effective ninety days from passage.

§ 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 of any 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, incorpo-

rated 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.)

Effect of amendment of 1997. — The board members may equal five" in the middle of the paragraph; in the seventh paragraph, added "except in cases of merger or consolidation where the number of board members may equal five" at the end; in the fourth paragraph, inserted "and residing within the state of West Virginia" following "who are persons residing within the district"; in the fifth paragraph, inserted "except in the cases of merger or consolidation where the number of

W. Va. Law Review. — Fisher, "The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ?", 98 W. Va. L. Rev. 449 (1996).

§ 16-13A-4. Board chairman; members' compensation; procedure; district name.

The chairman shall preside at all meetings of the board and may vote as any other members of the board but if he should be absent from any meeting, the remaining members may select a temporary chairman and if the member selected as chairman resigns as such or ceases for any reason to be a member of the board, the board shall select one of its members as chairman to serve until the next annual organization meeting. Salaries of each of its board members shall be as follows: For districts with fewer than six hundred customers, each board member may receive 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; for districts with six hundred customers or more but fewer than two thousand customers, each board member may receive 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; for districts with two thousand customers or more, each board member may receive 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 for districts with four thousand or more customers, each board member may receive 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 commission shall certify the number of customers served to the public service commission beginning on the first day of July, one thousand nine hundred eighty-six, and continue each fiscal year thereafter. Board members may be reimbursed for all

reasonable and necessary expenses actually incurred in the performance of their duties as provided for by the rules of the board. The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings may be called. Public notice of meetings shall be given in accordance with section three (§ 6-9A-3), article nine-a, chapter six of this code. Emergency meetings may be called as provided by said section. A majority of the members constituting the board also constitute a quorum to do business. The members of the board are not personally liable or responsible for any obligations of the district or the board but are answerable only for willful misconduct in the performance of their duties. At any time prior to the issuance of bonds as hereinafter provided, the board may by resolution change the official or corporate name of the public service district and such change shall be effective from and after filing an authenticated copy of such resolution with the clerk of the county commission of each county in which the territory embraced within such district or any part thereof is located 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.)

Effect of amendment of 1997. — The said section" for "as provided by section three, amendment rewrote the second sentence; in the article nine-a, chapter six of this code"; added fourth sentence, deleted "and regulations" following "as provided for by the rules"; in the seventh sentence, substituted "as provided by changes.

§ 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.)

Effect of amendment of 1997. — The "more than five thousand dollars"; and in the amendment, in the second sentence, substituted "more than fifteen thousand dollars" for

§ 16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.

W. Va. Law Review. — Fisher, "The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ?", 98 W. Va. L. Rev. 449 (1996).
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-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 commissions of the county or counties in which the district operates; and (3) approval by the public service commission of West Virginia.

In the event of any such sale, the proceeds thereof, if any, remaining after payment of all outstanding bonds and other obligations of the district, shall be ratably distributed to any persons who have made contributions in aid of construction of such water, sewer 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.)

Effect of amendment of 1997. — The amendment, in the first paragraph, substituted "a majority of not less than sixty percent of" for "all" preceding "the members of the public service board"; and rewrote the proviso.

§ 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 profile 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.)

Effect of amendment of 1996. — The amendment, in the second paragraph, substituted "Thirty days" for "Sixty days" and inserted "public service" preceding the second occurrence of "district"; inserted "public service" in (d); and made stylistic changes. **Effect of amendment of 1997.** — The amendment inserted the second and third sentences of the first paragraph.

ARTICLE 13C.

DRINKING WATER TREATMENT REVOLVING FUND ACT.

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| <p>Sec. 16-13C-1. Definitions.</p> <p>16-13C-2. Designation of division of health as state instrumentality; rules; small systems; disadvantaged communities.</p> <p>16-13C-3. Drinking water treatment revolving fund; duties of division of health and water development authority; set-aside accounts.</p> | <p>Sec. 16-13C-4. Management of funds.</p> <p>16-13C-5. Remedies to enforce payment.</p> <p>16-13C-6. Construction of article.</p> |
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Effective dates. — Acts 1997, c. 225, provided that the act take effect from passage (April 11, 1997).

§ 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.

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:

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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 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 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 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 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 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.

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, 1975, 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.

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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 extent permitted by law; to be named "The Southern Jackson County Public 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 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 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 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.

That the County Commission of Jackson County, by resolution 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 place 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.

C. M. Kessler
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 ⁰⁶³
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.

Carl Warner
President

C. F. Good
Clerk

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 DL BOOK 10
PAGE 75E DATE July 13 1996
Annabelle Taylor CLERK/DEPUTY
ANNABELLE TAYLOR, JACKSON COUNTY CLERK

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

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

~~UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D.C. 20535
MEMORANDUM FOR THE DIRECTOR
DATE: _____ BY: _____
TITLE: _____~~

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. Adam
Notary Public

My commission expires: August 30, 1976

OFFICE
IN ST.
WEST VIRGINIA

The Jackson Herald

Ripley, West Virginia

Dec. 6 1975

Notice

That the appended

was printed in THE JACKSON HERALD, a newspaper published at Ripley, Jackson County, West Virginia, for 1

successive weeks, to-wit: 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 _____

IN THIS OFFICE IN _____ BOOK 11141
PAGE _____ DATE July 13, 1976
Carol Warren 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 contemplated 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.

Carl Warner
President

ATTEST:

C. E. K... ..
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

Paul M. Kessell
President

ATTEST:

C. E. Kessell
Clerk

STATE OF WEST VIRGINIA,
COUNTY OF JACKSON, co-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.

C. E. Kessell
Clerk of County Commission

I, ANNEBELLE WEAVER, DO HEREBY CERTIFY THAT
THE DOCUMENT TO WHICH THIS STAMP IS AFFIXED
IS A TRUE COPY OF Minutes RECORDED
IN THIS OFFICE IN Minute Book C
BOOK 541 PAGE 5 JULY 23 1990
KAREN L. WEAVER CLERK/DEPUTY
ANNEBELLE WEAVER, 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 amended
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 proposed
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 that
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 enlargement
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 dated
September 1, 1981.

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

JACKSON COUNTY COMMISSION

H. S. Rawlings

President

Charles E. Haver

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;

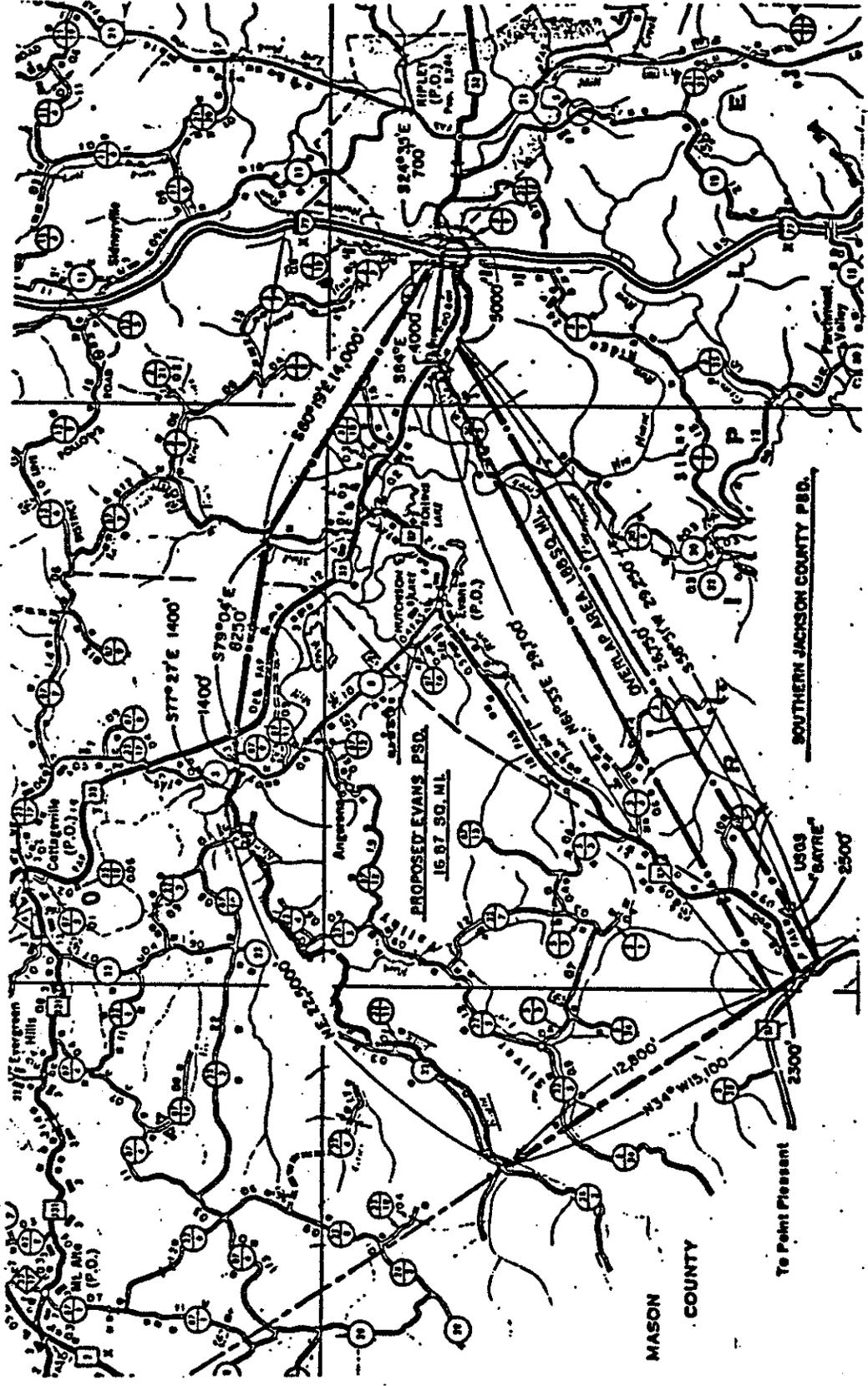
Thence, leaving Mill Creek, S 58°51' W, passing through U. S. G. S. Triangulation Station "Sayre" at 26,750 feet, 29,250 feet to a point in the Jackson and Mason County Line;

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**



**EVANS PUBLIC SERVICE DISTRICT
 JACKSON COUNTY, WEST VIRGINIA.**

**PROPOSED BOUNDARY
 SCALE 1" = 1 MILE**

**CERRONE & VAUGHN, INC.
 WHEELING, WV.
 Map No. 679**

A RESOLUTION setting forth amended rules of procedure for the Public Service Board of Southern Jackson County Public Service District; fixing the time and place of the meetings of said Board and the manner in which special meetings may be called. This RESOLUTION supersedes a similar resolution adopted on January 27, 1976.

BE IT AND IT IS HEREBY RESOLVED BY THE PUBLIC SERVICE DISTRICT BOARD OF THE SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, JACKSON COUNTY, WEST VIRGINIA, as follows:

Section 1. Regular meetings of The Public Service District Board of Southern Jackson County Public Service District shall be held without notice at the Public Service District office on the second Wednesday of each month, at 7:00 p.m., unless the same shall be a legal holiday, in which event said meeting shall be held on the next succeeding Wednesday.

Section 2. The first regular meeting in January of each year shall be the annual organizational meeting, at which time a chairman shall be selected from the members of The Board and a Secretary and Treasurer shall be appointed.

Section 3. The Chairman of The Public Service Board may, when he deems it expedient, call a special meeting of The Board for the purpose of transacting any business designated in the call. The call for a special meeting may be delivered to each member of The Board or may be mailed to the business or home address of each member of The Board at least two days prior to the date of such special meeting. At such special meeting no business shall be considered other than as designated in the call and all reasonable efforts shall be made in advance to advise and notify the public of the time, place and purpose of the special meeting. The District shall reserve the right to call emergency meetings reviewing immediate official action pursuant to WVa Code 6-9A-3, as amended.

Section 4. A majority of the members of The Board shall constitute a quorum for the purpose of conducting the business and exercising the powers of the District and for all other purposes, but a smaller number may adjourn from time to time until a quorum is obtained. When a quorum is in attendance, action may be taken by The Board upon a vote of a majority of the members of said Board.

Section 5. 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. New business.
8. Adjournment.

Section 6. All resolutions shall be in writing and shall be copied in a journal of the proceedings of The Board, and the voting on all questions coming before The Board shall be entered upon the Minutes of such meeting, giving the Ayes and Nays of the Board Members when the vote is not unanimous. Upon motion and vote, the meeting adjourned.

James L. Stover, Chairman
James L. Stover

ATTEST:

Patricia Hunter, Secretary

Dated: July 18, 1990.

IN SESSION
In Tuesday Of
The Month 7:00-9:00 p.m.
All Other Tuesdays
1:00-4:00 p.m.

Jackson County Commission

COMMISSIONERS
Donald G. Stephens
Emerson S. Snyder
Dick D. Casto

JACKSON COUNTY COURTHOUSE, RIPLEY, W.VA. 25271 •PHONE 372-2011 EXT. 339 - 3

JACKSON COUNTY COMMISSION IN REGULAR SESSION

DATE: November 30, 1993

PRESENT: Dick D. Casto, President
Emerson S. Snyder, Commissioner
Donald G. Stephens, Commissioner

The Jackson County Commission met in regular session for the discussion of routine business.

The Commission this day allowed and ordered paid all due bills from all county funds.

The fiduciary business that had been transacted in the vacation of this Commission by the County Clerk, Jeff Waybright, was approved as submitted.

A motion was made by Commissioner Snyder to appoint James Stover to serve an additional term as a member of the Southern Jackson County Public Service District. The motion was seconded by President Casto. Motion passed. Due to other obligations, Commissioner Stephens had not yet arrived at today's meeting. Mr. Stover's new term will expire December 1, 1999.

President Casto reported that he had been contacted by the Rhea House requesting that the Commission purchase two pagers for their use. At times, various police departments are unable to reach a representative from the Rhea House when they have someone who needs housed there over night. This would alleviate this problem. The Commission agreed to consider this request and make a decision at their next regular meeting.

The Commission discussed the fees owed the County by the Gospel Singers Association for use of the County Farm in 1993. They owe \$1,800 in camping fees and \$360 for rental of the county farm. They have spent \$2,016.41 in camping sites and stone at the fairgrounds. A motion was made by Commissioner Snyder to forgive the \$2,160 owed the County by the Gospel Singers Association because of the amount of money they have spent improving the County fairgrounds. The motion was seconded by Commissioner Stephens and

I, JEFF WAYBRIGHT, DO HEREBY CERTIFY THAT
THE DOCUMENT TO WHICH THIS STAMP IS AFFIXED
IS A TRUE COPY OF Minutes RECORDED
IN THIS OFFICE IN Commissioner BOOK "D"
PAGE 218-219 DATE January 15, 1994
Jeff Waybright CLERK/DEPUTY
JEFF WAYBRIGHT, JACKSON COUNTY CLERK

364

IN SESSION
1st Tuesday Of
The Month 7:00-9:00 p.m.
All Other Tuesdays
1:00-4:00 p.m.

Jackson County Commission

JACKSON COUNTY COURTHOUSE, RIPLEY, W.VA. 25271 •PHONE 372-2011 EXT. 339 - 340

COMMISSIONERS
Donald G. Stephens
Emerson S. Snyder
Dick D. Casto

JACKSON COUNTY COMMISSION IN REGULAR SESSION

DATE: December 5, 1995

PRESENT: Emerson S. Snyder, President
Donald G. Stephens, Commissioner
Dick D. Casto, Commissioner

The Jackson County Commission met in regular session for the discussion of routine business.

The Commission this day allowed and ordered paid all due bills from all county funds.

The fiduciary business that had been transacted in the vacation of this Commission by the County Clerk, Jeff Waybright, was approved as submitted.

A motion was made by Commissioner Casto to appoint Jim Hutchison to serve as a member of the Southern Jackson County Public Service District to replace Milford Green whose term has expired. The motion was seconded by Commissioner Stephens and upon the call for a vote, passed unanimously.

The Commission met with Joe Bowery of Benefit Assistance in regard to dental and vision coverage for county employees. At this time, the Commission is interested in a plan that would involve no contribution by the County but give employees the opportunity for dental and vision coverage through payroll deduction. Mr. Bowery explained that a 30% participation rate is required and, therefore, the Commission agreed to conduct a survey to see if at least 30% of the employees are interested before pursuing this matter further.

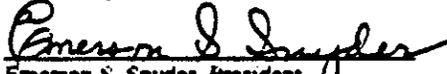
At 5:00 p.m. the Commission met with the following persons in regard to subscriber radio equipment: Terry Brown, Jeanette McVay, Chris Metz, Dave Brubaker.

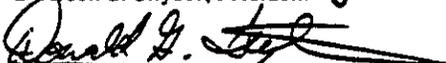
I, JEFF WAYBRIGHT, DO HEREBY CERTIFY THAT
THE DOCUMENT TO WHICH THIS STAMP IS AFFIXED
IS A TRUE COPY OF 77-1-12 RECORDED
IN THIS OFFICE IN CLERK'S BOOK "B"
PAGE 364-365 DATE February 16 1997
Jeff Waybright CLERK/DEPUTY
JEFF WAYBRIGHT, JACKSON COUNTY CLERK

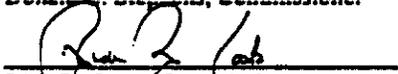
County Commission Minutes
December 5, 1995
Page 2

Lee Thomas, Earl Wolfe, Mike Comer, Jim Fridley, Larry Morrison, Charlie Pierson, and Ron Crawford. A plan was presented to those present whereby each entity would have a set amount to spend on equipment. All equipment will be purchased through a five year lease purchase agreement with individual vendors and the Commission. Each entity shall be responsible for contacting individual vendors and working all paperwork through Emergency Services Director Terry Brown. A motion was made by Commissioner Stephens to approve this plan with the understanding that no lease purchase agreements will be executed until the paperwork for the backbone system has been completed. The motion was seconded by Commissioner Casto and upon the call for a vote, passed unanimously. An estimate on the amount of subscriber equipment for each entity shall be maintained on file in the office of the County Commission.

There being no further business for this day, a motion was made by Commissioner Casto to adjourn. The motion was seconded by Commissioner Stephens and upon the call for a vote, passed unanimously.


Emerson S. Snyder, President


Donald G. Stephens, Commissioner


Dick D. Casto, Commissioner

Jackson County Commission

JACKSON COUNTY COURTHOUSE • RIPLEY, WV 25271 • PHONE 372-2011 EXT. 339 - 341 - 357

JACKSON COUNTY COMMISSION IN REGULAR SESSION

DATE: November 22, 1997

PRESENT: Donald G. Stephens, President
Dick D. Casto, Commissioner
James L. Waybright, Commissioner

The Jackson County Commission met in regular session for the discussion of routine business.

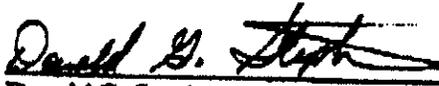
The Commission this day allowed and ordered paid all due bills from all county funds.

All department revisions done since the last meeting of this Commission were approved.

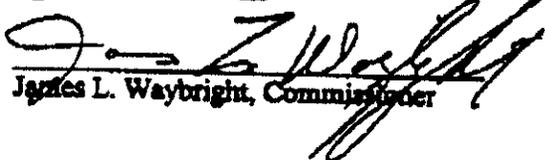
A motion was made by Commissioner Waybright to appoint Rusty Boggess to serve a full term on the Southern Jackson County Public Service District beginning December 1, 1997, and expiring December 1, 2003. The motion was seconded by Commissioner Casto and upon the call for a vote, passed unanimously.

The Commission unanimously approved the request of the Humane Officers to use the County truck to attend a seminar in Parkersburg on December 2, 1997.

There being no further business for this day, President Stephens declared the meeting adjourned.


Donald G. Stephens, President


Dick D. Casto, Commissioner

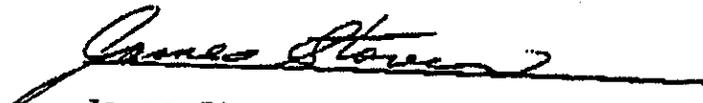

James L. Waybright, Commissioner

OATH OF OFFICE

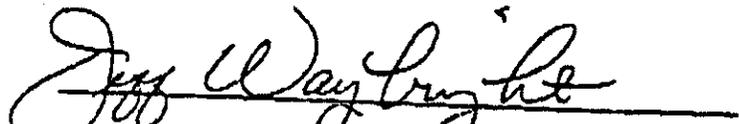
STATE OF WEST VIRGINIA

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 of the office of 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. Term to expire December 1, 1999. SO HELP ME GOD.


James Stover

Subscribed and sworn to before the County Clerk of Jackson County, West Virginia, this 15th day of January, 1994.


Jeff Waybright, County Clerk

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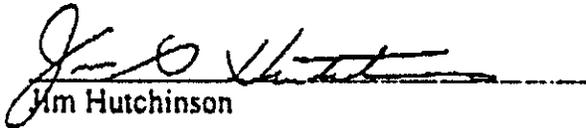


OATH OF OFFICE

STATE OF WEST VIRGINIA

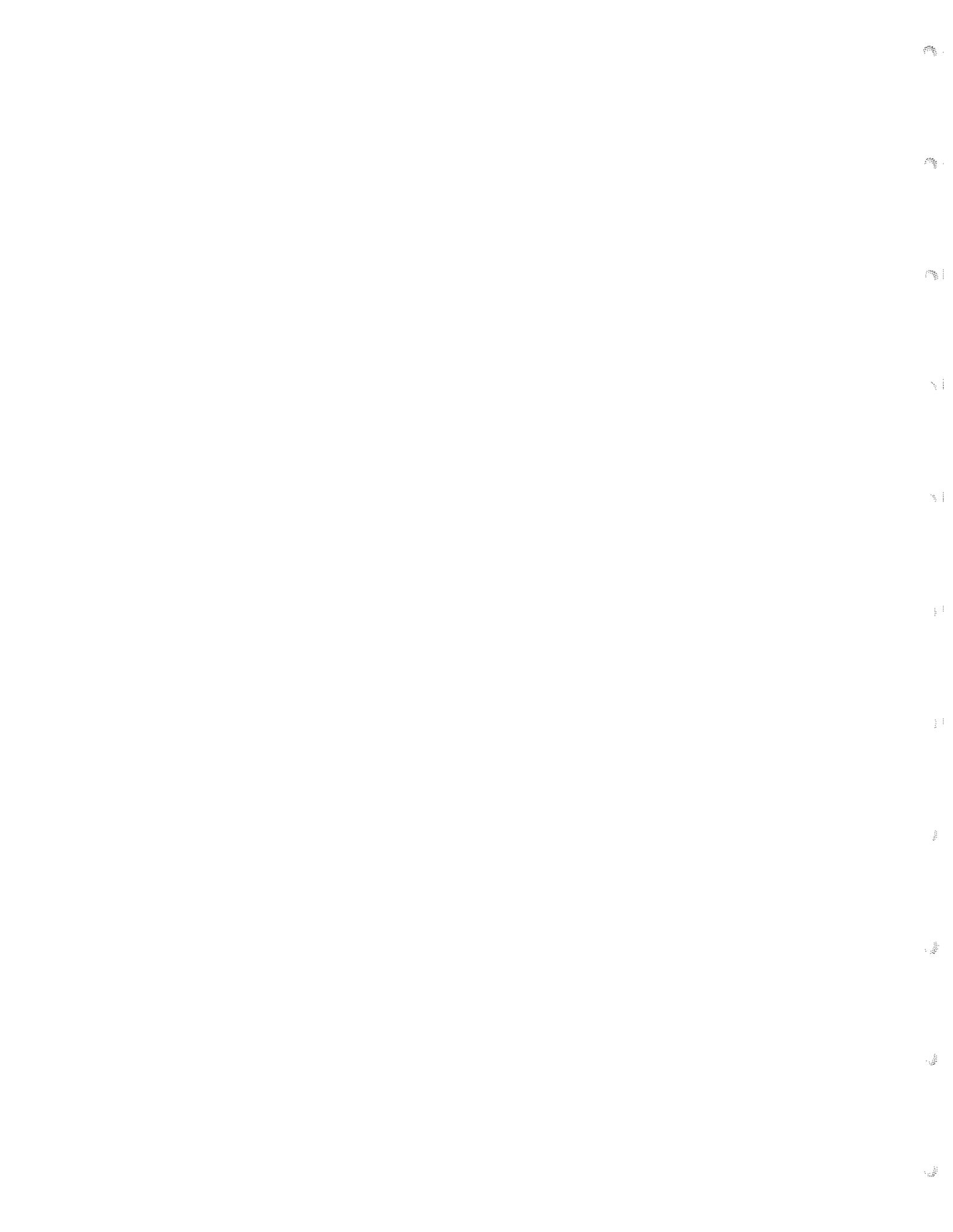
COUNTY OF JACKSON, to-wit:

I, Jim 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, 2001.


Jim Hutchinson

Subscribed and swore to before the County Clerk of Jackson County, West Virginia ,
this the 20th day of December, 1995.


Jeff Wright, County Clerk



OATH OF OFFICE

STATE OF WEST VIRGINIA

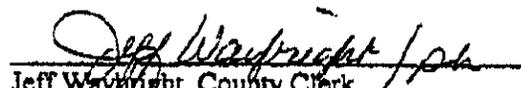
COUNTY OF JACKSON, to-wit:

I, Bernard R. Boggess, 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 expires: December 1, 2003


Bernard R. Boggess

Subscribed and swore to before the County Clerk of Jackson County, West Virginia,
this the 3rd day of December, 1997.


Jeff Waybright, County Clerk



West Virginia Infrastructure & Jobs Development Council

Public Members:

James D. Williams, Chairman
St. Albans

James L. Harrison, Sr., Vice Chairman
Princeton

Lloyd P. Adams, P.E.
Wheeling

Sheirl L. Fletcher
Morgantown

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

Susan J. Riggs, Esquire
Executive Secretary

December 19, 1997

Dannie L. Raines, General Manager
Southern Jackson County Public Service District
P. O. Box 57
Kenna, WV 25248

Re: Binding Commitment Letter
Water System Upgrade Project 96W-254

Dear Mr. Raines:

The West Virginia Infrastructure and Jobs Development Council (Council) provides this binding offer of a loan of approximately \$350,000 (Loan) for the Southern Jackson County Public Service District's (District) proposed project to upgrade its water system (Project). The source of funds for the Loan will be a portion of the proceeds from an anticipated Infrastructure General Obligation Bond issue and this Loan commitment is contingent upon the availability of those proceeds in the Infrastructure Fund. The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amount will be established after the District has received bids for the Project. The Council will set aside a portion of the next available bond proceeds to be deposited in the Infrastructure Fund to make the Loan upon the District's compliance with the program requirements. The Loan agreement will be between the District and the West Virginia Water Development Authority (Authority), who is the administrator of the Infrastructure Fund, acting on behalf of the Council, and the District.

This Loan commitment is also contingent upon the District meeting the following schedule:

- a. Advertise for construction bids no later than February 18, 1998.
- b. Close the Loan no later than May 19, 1998.

The Council has the option of withdrawing this Loan commitment if any of the above scheduled dates are not met. The Council may, when justifiable circumstances occur, offer to modify the schedule. Any decision to modify the schedule is at the sole discretion of the Council.

If the District becomes aware that it will not meet one or more of the above schedule dates, the District should immediately notify the Council of this fact and the circumstances which have caused or will cause the

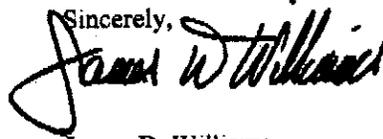
Dannie L. Raines, General Manager
December 19, 1997
Page 2

District to be unable to meet the schedule. In addition, please immediately notify the Council if any of the other dates on the attached schedule have not or will not be met.

The Authority will enter into a Loan agreement with the District following receipt of the completed Schedule B (the form of which is attached hereto); a final, nonappealable order from the Public Service Commission authorizing construction of the Project and approval of the Loan; evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; requisite bond-related documents and opinions in a form and substance satisfactory to the Authority and the Council and any other documents requested by the Council. Following execution of the Loan agreement, the Council will establish a closing date.

No statements or representations made before or after the issuance of this contingent Loan commitment by any person, member of the Council, or agent or employee of the Authority shall be construed as approval to alter or amend this Loan commitment, as all such amendments or alterations shall only be made in writing after approval of the Council.

If the District has any questions regarding this Loan commitment, please contact Susan J. Riggs at the above-referenced telephone number.

Sincerely,

James D. Williams

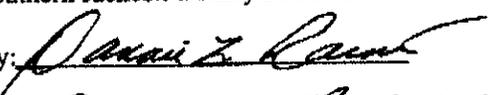
IDW/bh

Attachments

cc: James Hildreth, P.E.
Samme L. Gee, Esquire
Robert D. Fisher, Esquire

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return one to the Council, and one to the Authority at 180 Association Drive Charleston, WV 25311-1571.

Southern Jackson County Public Service District

By: 

Its: GENERAL MANAGER

Date: Dec. 30, 1997

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

Southern Jackson County Public Service District
Water System Upgrade Project
96W-254
December 19, 1997

SCHEDULE A

A. Approximate Amount: \$350,000 - Loan

B. Loan:

- 1. Maturity Date: 40 years from date of loan closing
- 2. Loan Advancement Date(s): Monthly, upon receipt of proper requisition.
- 3. Interest Rate: 0%.
- 4. Debt Service Commencement Date: The quarter following completion of construction, which date must be identified prior to loan closing.
- 5. Special Conditions (if any):

C. If Grant:

- 1. a. Grant Advancement Date(s):
- b. Monthly percentage:
- 2. Special Conditions (if any)

NOTICE: The terms set forth above are subject to change following the Governmental Agency's receipt of construction bids.

D. Other Funding Sources: None.

E. Proposed User Rates:

Average: \$31.56/4500 gallons





West Virginia Infrastructure & Jobs Development Council

Public Members:

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

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

Susan J. Riggs, Esquire
Executive Secretary

April 3, 1998

Dannie L. Raines, General Manager
Southern Jackson County Public Service District
P. O. Box 57
Kenna, WV 25248

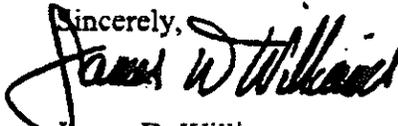
Re: Binding Commitment Letter
Water System Upgrade Project 96W-254

Dear Mr. Raines:

The West Virginia Infrastructure and Jobs Development Council (Council), at its April 3, 1998 meeting, reviewed the Southern Jackson County Public Service District's (District) request for additional funding necessary to fund a cost overrun due to bids higher than the budget estimate for its water system upgrade project (Project). By letter dated December 19, 1997 the Council provided to the District a binding commitment of Infrastructure Fund loan assistance of \$350,000. The District's request states that due to the bid overrun it needs additional Infrastructure Fund loan assistance of \$30,000.

The Council has reviewed this matter and has concluded that additional Infrastructure Fund loan assistance of up to \$30,000 will be committed to the District which will fund the overrun amount. The enclosed Schedule A details the terms and conditions of the project financing as now revised.

All terms and conditions of the Council's December 19, 1997 binding commitment letter remain in force. If you have any questions regarding this matter, please contact Susan J. Riggs at the above telephone number.

Sincerely,

James D. Williams

JDW/bh
Enclosure

IC/WDA-1
(July 1996)

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)

WITNESSETH:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

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

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

(SEAL)

By: James T. Stover
Its: Chairman

Attest:

Patricia Hunter
Its: Sec. - Treas.

Date: 5-27-98

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Garbosky
Director

Attest:

Barbara B. Meadows
Secretary-Treasurer

Date: 5 | 22 | 98

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

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

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

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

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

By: _____

West Virginia License No. _____

[SEAL]

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

Monthly Financial Report

[Name of Governmental Agency]

[Name of Bond Issue]

Fiscal Year - ____

Report Month: _____

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

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

[Name of Governmental Agency]

By: _____
Authorized Officer

CHASFS3:58465

SCHEDULE X

DESCRIPTION OF BONDS

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

Principal on the Bonds is payable quarterly, commencing March 1, 1999 to and including March 1, 2038, at a rate of 0% per annum. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1, as set forth on Schedule Y attached hereto and incorporated herein by reference. The Bonds shall be issued on a parity with the Governmental Agency's Water Revenue Bonds, Series 1977, dated March 13, 1978, and the Water System Revenue Bonds, Series 1991, dated March 18, 1991, and the Water Revenue Bonds, Series 1997, dated March 21, 1997.

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

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

The Governmental Agency may prepay the Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency 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 Bonds which request must be filed at least 60 days prior to the intended date of issuance.

SCHEDULE Y

Southern Jackson County Public Service District
\$380,000
Infrastructure Fund Loan

Term (Yrs.): 40		Loan Rate: 0.00%		
First Payment: 03/01/99		Final Payment: 3/1/38		
Date	#	Principal	Interest	Total
3/1/98		-	-	-
6/1/98		-	-	-
9/1/98		-	-	-
12/1/98		-	-	-
3/1/99	1	2,420.38	-	2,420.38
6/1/99	2	2,420.38	-	2,420.38
9/1/99	3	2,420.38	-	2,420.38
12/1/99	4	2,420.38	-	2,420.38
3/1/00	5	2,420.38	-	2,420.38
6/1/00	6	2,420.38	-	2,420.38
9/1/00	7	2,420.38	-	2,420.38
12/1/00	8	2,420.38	-	2,420.38
3/1/01	9	2,420.38	-	2,420.38
6/1/01	10	2,420.38	-	2,420.38
9/1/01	11	2,420.38	-	2,420.38
12/1/01	12	2,420.38	-	2,420.38
3/1/02	13	2,420.38	-	2,420.38
6/1/02	14	2,420.38	-	2,420.38
9/1/02	15	2,420.38	-	2,420.38
12/1/02	16	2,420.38	-	2,420.38
3/1/03	17	2,420.38	-	2,420.38
6/1/03	18	2,420.38	-	2,420.38
9/1/03	19	2,420.38	-	2,420.38
12/1/03	20	2,420.38	-	2,420.38
3/1/04	21	2,420.38	-	2,420.38
6/1/04	22	2,420.38	-	2,420.38
9/1/04	23	2,420.38	-	2,420.38
12/1/04	24	2,420.38	-	2,420.38
3/1/05	25	2,420.38	-	2,420.38
6/1/05	26	2,420.38	-	2,420.38
9/1/05	27	2,420.38	-	2,420.38
12/1/05	28	2,420.38	-	2,420.38
3/1/06	29	2,420.38	-	2,420.38
6/1/06	30	2,420.38	-	2,420.38
9/1/06	31	2,420.38	-	2,420.38
12/1/06	32	2,420.38	-	2,420.38
3/1/07	33	2,420.38	-	2,420.38

6/1/07	34	2,420.38	-	2,420.38
9/1/07	35	2,420.38	-	2,420.38
12/1/07	36	2,420.38	-	2,420.38
3/1/08	37	2,420.38	-	2,420.38
6/1/08	38	2,420.38	-	2,420.38
9/1/08	39	2,420.38	-	2,420.38
12/1/08	40	2,420.38	-	2,420.38
3/1/09	41	2,420.38	-	2,420.38
6/1/09	42	2,420.38	-	2,420.38
9/1/09	43	2,420.38	-	2,420.38
12/1/09	44	2,420.38	-	2,420.38
3/1/10	45	2,420.38	-	2,420.38
6/1/10	46	2,420.38	-	2,420.38
9/1/10	47	2,420.38	-	2,420.38
12/1/10	48	2,420.38	-	2,420.38
3/1/11	49	2,420.38	-	2,420.38
6/1/11	50	2,420.38	-	2,420.38
9/1/11	51	2,420.38	-	2,420.38
12/1/11	52	2,420.38	-	2,420.38
3/1/12	53	2,420.38	-	2,420.38
6/1/12	54	2,420.38	-	2,420.38
9/1/12	55	2,420.38	-	2,420.38
12/1/12	56	2,420.38	-	2,420.38
3/1/13	57	2,420.38	-	2,420.38
6/1/13	58	2,420.38	-	2,420.38
9/1/13	59	2,420.38	-	2,420.38
12/1/13	60	2,420.38	-	2,420.38
3/1/14	61	2,420.38	-	2,420.38
6/1/14	62	2,420.38	-	2,420.38
9/1/14	63	2,420.38	-	2,420.38
12/1/14	64	2,420.38	-	2,420.38
3/1/15	65	2,420.38	-	2,420.38
6/1/15	66	2,420.38	-	2,420.38
9/1/15	67	2,420.38	-	2,420.38
12/1/15	68	2,420.38	-	2,420.38
3/1/16	69	2,420.38	-	2,420.38
6/1/16	70	2,420.38	-	2,420.38
9/1/16	71	2,420.38	-	2,420.38
12/1/16	72	2,420.38	-	2,420.38
3/1/17	73	2,420.38	-	2,420.38
6/1/17	74	2,420.38	-	2,420.38
9/1/17	75	2,420.38	-	2,420.38
12/1/17	76	2,420.38	-	2,420.38
3/1/18	77	2,420.38	-	2,420.38

6/1/18	78	2,420.38	-	2,420.38
9/1/18	79	2,420.38	-	2,420.38
12/1/18	80	2,420.38	-	2,420.38
3/1/19	81	2,420.38	-	2,420.38
6/1/19	82	2,420.38	-	2,420.38
9/1/19	83	2,420.38	-	2,420.38
12/1/19	84	2,420.38	-	2,420.38
3/1/20	85	2,420.38	-	2,420.38
6/1/20	86	2,420.38	-	2,420.38
9/1/20	87	2,420.38	-	2,420.38
12/1/20	88	2,420.38	-	2,420.38
3/1/21	89	2,420.38	-	2,420.38
6/1/21	90	2,420.38	-	2,420.38
9/1/21	91	2,420.38	-	2,420.38
12/1/21	92	2,420.38	-	2,420.38
3/1/22	93	2,420.38	-	2,420.38
6/1/22	94	2,420.38	-	2,420.38
9/1/22	95	2,420.38	-	2,420.38
12/1/22	96	2,420.38	-	2,420.38
3/1/23	97	2,420.38	-	2,420.38
6/1/23	98	2,420.38	-	2,420.38
9/1/23	99	2,420.38	-	2,420.38
12/1/23	100	2,420.38	-	2,420.38
3/1/24	101	2,420.38	-	2,420.38
6/1/24	102	2,420.38	-	2,420.38
9/1/24	103	2,420.38	-	2,420.38
12/1/24	104	2,420.38	-	2,420.38
3/1/25	105	2,420.38	-	2,420.38
6/1/25	106	2,420.38	-	2,420.38
9/1/25	107	2,420.38	-	2,420.38
12/1/25	108	2,420.38	-	2,420.38
3/1/26	109	2,420.38	-	2,420.38
6/1/26	110	2,420.38	-	2,420.38
9/1/26	111	2,420.38	-	2,420.38
12/1/26	112	2,420.38	-	2,420.38
3/1/27	113	2,420.38	-	2,420.38
6/1/27	114	2,420.38	-	2,420.38
9/1/27	115	2,420.38	-	2,420.38
12/1/27	116	2,420.38	-	2,420.38
3/1/28	117	2,420.38	-	2,420.38
6/1/28	118	2,420.38	-	2,420.38
9/1/28	119	2,420.38	-	2,420.38
12/1/28	120	2,420.38	-	2,420.38
3/1/29	121	2,420.38	-	2,420.38

6/1/29	122	2,420.38	-	2,420.38
9/1/29	123	2,420.38	-	2,420.38
12/1/29	124	2,420.38	-	2,420.38
3/1/30	125	2,420.38	-	2,420.38
6/1/30	126	2,420.38	-	2,420.38
9/1/30	127	2,420.38	-	2,420.38
12/1/30	128	2,420.38	-	2,420.38
3/1/31	129	2,420.38	-	2,420.38
6/1/31	130	2,420.38	-	2,420.38
9/1/31	131	2,420.38	-	2,420.38
12/1/31	132	2,420.38	-	2,420.38
3/1/32	133	2,420.38	-	2,420.38
6/1/32	134	2,420.38	-	2,420.38
9/1/32	135	2,420.38	-	2,420.38
12/1/32	136	2,420.38	-	2,420.38
3/1/33	137	2,420.38	-	2,420.38
6/1/33	138	2,420.38	-	2,420.38
9/1/33	139	2,420.38	-	2,420.38
12/1/33	140	2,420.38	-	2,420.38
3/1/34	141	2,420.38	-	2,420.38
6/1/34	142	2,420.38	-	2,420.38
9/1/34	143	2,420.38	-	2,420.38
12/1/34	144	2,420.38	-	2,420.38
3/1/35	145	2,420.38	-	2,420.38
6/1/35	146	2,420.38	-	2,420.38
9/1/35	147	2,420.38	-	2,420.38
12/1/35	148	2,420.38	-	2,420.38
3/1/36	149	2,420.38	-	2,420.38
6/1/36	150	2,420.38	-	2,420.38
9/1/36	151	2,420.38	-	2,420.38
12/1/36	152	2,420.38	-	2,420.38
3/1/37	153	2,420.38	-	2,420.38
6/1/37	154	2,420.38	-	2,420.38
9/1/37	155	2,420.38	-	2,420.38
12/1/37	156	2,420.38	-	2,420.38
3/1/38	157	2,420.72	-	2,420.72
		\$ 380,000.00	\$	\$ 380,000.00

Summary Statistics:

Average Annual Cost -	\$9,500.00
Average Life -	20.500
Average Interest Rate -	0.0000%
Net Interest Cost (NIC)	0.0000%
True Interest Cost (TIC)	0.0000%
Tax Yield (I.R.C. Section 148)	0.0000%
All-in Yield (AIC)	0.0000%

Data for Form 8038:

	Line 19:	Line 20:
(a)	3/1/38	N/A
(b)	0.000%	N/A
(c)	\$2,420.72	\$380,000.00
(d)	\$2,420.72	\$380,000.00
(e)	N/A	20.500
(f)	N/A	0.0000%
(g)	N/A	0.0000%



SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
COMMISSIONERS MEETING
JANUARY 14, 1998
WATER MINUTES

In attendance:

James L. Stover, P.E., Chairman
Jim Hutchinson, Member
Bernard R. Boggess, Member
Patricia Winter, Secretary-Treasurer
Dannie Raines, General Manager
Linda Parsons, Clerk
Jim Hildreth, Boyles & Hildreth Engineers
Ron Cobb, Rt. 21 Goldtown

The Board of Commissioners of Southern Jackson County Public Service District held a regular meeting Wednesday, January 14, 1998, 7 p.m. at the District office. The Chairman called the meeting to order.

Minutes of the December 10, 1997 were read and approved.

All invoices were reviewed and approved for payment.

The Goldtown/Grasslick extension was discussed. A copy of Addendum No. 3 increasing engineering lump sum fee from \$85,253.37 to \$87,140.37 for work in connection with the preparation of contract documents, bidding and contract administration for telemetry equipment was reviewed by the Board. James Stover made a motion to execute said document. Rusty Boggess seconded. Vote unanimous.

The low bidder for Contract 4, telemetry replacement, was C. I. Thornburg Company in the amount of \$25,500.00. Rusty Boggess made a motion to accept the bid from Thornburg. Jim Hutchinson seconded. Vote unanimous.

Jim Hutchinson made a motion to pay the following invoices subject to RUS approval:

Welding, Inc. - Contract No. 3	\$35,118.00
Boyles & Hildreth - Engineering	5,260.04
total	\$40,378.04

Rusty Boggess seconded. Vote unanimous.

The storage tank has been filled and will be in service as soon as samples have been taken.

The temporary storage tank on Fisher Ridge was not in working order the weekend of December 6, 1997. An invoice in the amount of \$928.44 was sent to Welding, Inc. for repair and material used to correct the problem.

Rusty Boggess made a motion to execute the Department of Highways permit in the amount of \$17,225.37. Jim Hutchinson seconded. Vote unanimous. This invoice will be paid by United Welding, Inc..

Ron Cobb attended the meeting to request water service on Rt. 21 south of Goldtown to the Kanawha County line. He stated in 3.2 miles there were 44 homes. Residents of Allens Fork are also

interested in water service. James Stover made a motion that Rt. 21 and Allens Fork be included in the study along with Rockcastle/Jim Ridge, Stonelick, Kentuck, Dudden and Spicewood areas. Rusty Boggess seconded. Vote unanimous.

The proposed booster pump station was discussed. Dannie Raines reported the PSD will have to condemn the McPhail property. The project schedule, advertise February 11, bid opening March 18, loan closing May 17 and project startup May 26. There will be a teleconference-conference with Jackson & Kelley January 15, 1998. To date the PSD has not received right of way from Mr. Bibbee.

The Board discussed upgrading #2 pump station. Jim Hildreth stated there would be funds left over from the Goldtown/Grasslick extension and could get one pump with soft start and possibly two and try to get this done with same change order as telemetry.

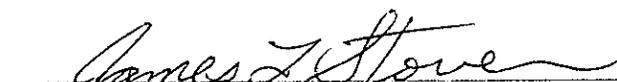
The Board discussed putting a storage tank on Mountain View. James Stover stated he thought it would be best to purchase a 15,000 to 20,000 gallon temporary tank. No action taken.

The Board held an election for officers. Rusty Boggess made a motion officers remain the same. Jim Hutchinson seconded. Vote unanimous. Officers of the District are:
James Stover, Chairman
Jim Hutchinson, Vice Chairman
Patricia Winter, Secretary-Treasurer.

Jim Hutchinson reported on the Jackson County Master Plan. The four engineering firms that were selected will be interviewed January 19, 1998.

The next regular meeting will be held February 11, 1998. There being no further business, meeting adjourned.

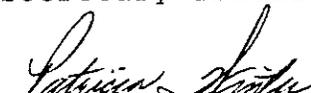
Board Members:


James L. Stover, P.E., Chairman

Jim Hutchinson, Vice Chairman


Bernard R. Boggess, Member

Secretary-Treasurer:


Patricia Winter

\$380,000
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS
(WEST VIRGINIA INFRASTRUCTURE FUND),
SERIES 1998 A

BOND RESOLUTION

<u>Subject</u>	<u>Page</u>	
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BOND RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$380,000 IN AGGREGATE PRINCIPAL AMOUNT OF SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BONDS (WEST VIRGINIA INFRASTRUCTURE FUND), SERIES 1998 A; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SAID BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RELATING TO SAID BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

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

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

"Board" or "Governing Body" means the public service board of the Issuer and shall include the membership of the Board as may hereafter be duly constituted as the legal

successors to the present membership or any other authority vested with and authorized to exercise the powers of the Issuer.

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

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

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

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

"Bonds" means the Series 1998 A Bonds originally authorized hereby, the Prior Bonds and any pari passu additional bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution or another resolution.

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

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

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing more than a de minimus amount of the purchase price of the Bonds.

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

"Construction Trust Fund" means the Series 1998 A Bonds Construction Trust Fund established by Section 5.01.

"Consulting Engineer" or "Consulting Engineers" means Boyles and Hildreth, Consulting Engineers, Spencer, West Virginia.

"Costs" or "Costs of the Project" or any similar phrase means those costs described in Section 1.03G hereof to be a part of the cost of construction and acquisition of the Project.

"Council" means the West Virginia Infrastructure and Jobs Development Council or any successor thereto.

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

"Depository Bank" means a bank or national banking association located in the State, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC, which Depository Bank shall be named in the Supplemental Resolution.

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

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

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

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

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

"Issuer" means the Southern Jackson County Public Service District, a public corporation and political subdivision of the State.

"Loan Agreement" means the Loan Agreement or Loan Agreements to be entered into between the Authority and the Issuer, pursuant to which the Authority shall agree, subject to the Issuer's satisfying certain engineering, legal and other requirements, to purchase the Series 1998 A Bonds.

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

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

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

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond canceled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents, notices or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

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

"Paying Agent" means the Commission.

"Prior Bonds" means the Water Revenue Bonds, Series 1977, dated March 13, 1978, issued in the original aggregate principal amount of \$470,000 and the Water System Revenue Bonds, Series 1991, dated March 18, 1991, issued in the original aggregate principal amount of \$143,500 and the Water Revenue Bonds, Series 1997, dated March 21, 1997, issued in the aggregate principal amount of \$500,000.

"Prior Resolutions" means resolutions of the Issuer authorizing the Prior Bonds adopted on: March 13, 1978, March 18, 1991, and February 27, 1997, collectively.

"Project" means the acquisition and construction of the water distribution system by the Issuer substantially as described in Exhibit A attached hereto and incorporated herein by reference.

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

"PSC Order" means the Recommended Decision of the PSC in Case No.97-0444-PWD-CN which was entered and became the Final Order on February 11, 1998, and the PSC Supplemental Orders dated April 28 and May 19, 1998, approving the additional funding.

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

(a) Government Obligations;

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

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

(d) Time accounts, (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that such Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time account or must

be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time account;

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

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

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

(h) Advance-Refunded Municipal Bonds.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Resolutions and referenced in Section 5.01.

"Resolution" means this resolution, as from time to time amended or supplemented.

"Revenue Fund" means the Revenue Fund established by the Prior Resolutions and referenced in Section 5.01.

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

"Series 1998 A Bonds" means the not more than \$380,000 in aggregate principal amount of Southern Jackson County Public Service District Water Revenue Bonds (West Virginia Infrastructure Fund), Series 1998 A, of the Issuer originally authorized hereby.

"Series 1998 A Bonds Reserve Account" means the Series 1998 A Bonds Reserve Account established in the Series 1998 A Bonds Sinking Fund pursuant to Section 5.02(1)(a).

"Series 1998 A Bonds Reserve Requirement" means as of any date of calculation the maximum amount of principal and interest which will become due on the Series 1998 A Bonds in the then current or any succeeding year.

"Series 1998 A Bonds Sinking Fund" means Series 1998 A Bonds Sinking Fund established by Section 5.02(1).

"State" means the State of West Virginia.

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

"System" means the complete waterworks system of the Issuer, and any further improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

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

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

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

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

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

Section 1.02. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. It is hereby found, determined and declared as follows:

A. The Issuer is a public corporation and political subdivision of the State located in Jackson County, West Virginia and presently owns and operates a public water

distribution system. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain extensions and improvements to the System of the Issuer, consisting of the Project, as described in Exhibit A, under the plans and specifications prepared by the Consulting Engineer, which plans and specifications have heretofore been filed with the Issuer.

B. The Council has approved the Project and has authorized the Authority to make a loan to the Issuer in an amount not to exceed \$380,000.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Prior Bonds, the Series 1998 A Bonds and all sinking funds, reserve accounts and other payments provided for herein, in the Prior Resolutions and in the PSC Order.

D. The estimated maximum cost of the construction and acquisition of the Project is \$380,000, of which approximately \$380,000 will be permanently obtained from the Bonds herein authorized. The Issuer may obtain grants and contributions as may be necessary to pay Costs of Project.

E. There are currently outstanding obligations of the Issuer which will rank on a parity with the Series 1998 A Bonds as to lien, pledge, source and security for payment, being the Prior Bonds. The Issuer has received the written consent of the holder of the Prior Bonds to the issuance of the Series 1998 A Bonds on a first lien basis.

F. It is deemed necessary for the Issuer to issue its revenue bonds, being the Southern Jackson County Public Service District Water Revenue Bonds (West Virginia Infrastructure Fund), Series 1998 A in the aggregate principal amount of not more than \$380,000 to permanently finance the cost of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; amounts which may be deposited in the Reserve Account; engineering and legal expenses; expenses for estimates of costs and revenues and for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense, commitment fees, fees of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and such other expenses as may be necessary or incidental to the financing herein authorized and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness, incurred by the Issuer for such purposes shall be deemed Costs of the Project.

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

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

I. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Series 1998 A Bonds, or will have so complied prior to issuance of any Series 1998 A Bonds, including, among other things, the obtaining of the PSC Order, the time for rehearing and appeal of which expired or the rights of all parties to appeal have been waived.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall be the Registered Owners of the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and the covenants and agreements herein set forth to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owners of any and all of such Bonds of like series.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

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

There is hereby authorized the construction and acquisition of the Project in accordance with the plans and specifications which have been prepared at the direction of the Consulting Engineers and heretofore filed in the office of the Governing Body. The proceeds of the Series 1998 A Bonds hereby authorized and shall be applied as provided in Article VI hereof.

The Issurer has or will enter into contracts for the acquisition and construction of the Project compatible with the financing plan in the Application.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of paying the costs of the Project, and paying certain costs of issuance and related costs, or any of such purposes as shall be specified in the Supplemental Resolution, there shall be issued negotiable bonds of the Issuer. Said Bonds shall be issued in one series, to be designated respectively "Southern Jackson County Public Service District Water Revenue Bonds (West Virginia Infrastructure Fund), Series 1998 A," in the aggregate principal amount of not more than \$380,000, and shall have such terms as are set forth hereinafter or in the Supplemental Resolution. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in the Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, 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 the Supplemental Resolution. The Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by this Resolution or the Supplemental Resolution, the Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in this Resolution. The Bonds shall be exchangeable at the option and expense of the Holder for other fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Additional Terms of Series 1998 A Bonds. In addition to the terms set forth in Sections 3.01 and 3.02 hereof and in anticipation of the sale of the Series

1998 A Bonds to the Authority, the Issuer covenants that the Series 1998 A Bonds shall comply in all respects with the provisions of the Loan Agreement and of any resolution of the Authority authorizing the issuance of Series 1998 A Bonds.

Section 3.04. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairperson, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office 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 3.05. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

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

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

In all cases in which the privilege of exchanging the Bonds or transferring the Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this

Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obligated to make any such exchange or transfer of Bonds during the period commencing on the fifteenth day of the month preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.07. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing proof of its ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

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

Section 3.09. Bonds Secured by Pledge of Net Revenues. The payment of the debt service on all the Series 1998 A Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on parity with the lien on the Net Revenues in favor of the holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1998 A Bonds and the Prior Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter established and established in the Prior Resolutions, are hereby irrevocably pledged to the payment of the principal of and interest on the Prior Bonds and the Series 1998 A Bonds as the same become due.

Section 3.10. Form of Bonds. The text of the Series 1998 A Bonds shall be in substantially the following forms, 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 Bonds]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND (WEST VIRGINIA INFRASTRUCTURE FUND),
SERIES 1998 A

No. A-1

\$380,000

KNOW ALL MEN BY THESE PRESENTS: That SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Jackson County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of Three Hundred Eighty Thousand Dollars (\$380,000) or such lesser amount as is set forth on the Record of Advances, attached hereto as Exhibit A and incorporated herein by reference, in installments on the 1st day of September, the 1st day of December, the 1st day of March and the 1st day of June in each year beginning March 1, 1999, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference, bearing 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 between the Issuer and the Authority dated May 22, 1998.

This Bond is issued in the original principal amount of \$380,000 (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing water distribution system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on May 21, 1998, and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional

bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

THIS BOND RANKS EQUALLY AS TO LIEN AND SECURITY WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 1977, DATED MARCH 13, 1978, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$470,000 AND THE WATER SYSTEM REVENUE BONDS, SERIES 1991, DATED MARCH 18, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$143,500 AND THE WATER REVENUE BONDS, SERIES 1997, DATED MARCH 21, 1997, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (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 a parity with the lien of the Prior Bonds, moneys in the Reserve Account created under the Resolution for the Bonds (the "Series 1998 A Bonds Reserve Account") and unexpended proceeds of the Bonds (the "Bond Proceeds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside in a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1998 A Bonds Reserve Account and unexpended Bond Proceeds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Series 1998 A Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with any of the Series 1998 A Bonds, including the Prior Bonds, provided however, that so long as the Series 1998 A Bonds Reserve Account is funded at an amount at least equal to the maximum amount of principal and interest which will come due on said Bonds in the then current or any succeeding year, and the reserve account for any other obligations outstanding prior to or on a parity with the Series 1998 A Bonds, including the Prior Bonds, is funded at an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Resolution. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Resolution, only upon the books of the Bank of Ripley, Ripley, West Virginia (the "Registrar") by the Registered Owner, or by its attorney duly

authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its attorney duly authorized in writing.

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

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

On December 1, 1998, if the amount set forth on the Record of Advances is less than \$380,000, the Authority shall upon written instruction of the Council revise Exhibit B to reflect the lesser amount but amortized at the same interest rate and quarterly payment amount.

The loan will be in default should any proceeds of the loan funds obtained as a result of this parity 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 in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairperson and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 1998.

[SEAL]

Chairperson

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 1998

as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

Amount	Date	Amount	Date
(1) \$		(7) \$	
(2) \$		(8) \$	
(3) \$		(9) \$	
(4) \$		(10) \$	
(5) \$		(11) \$	
(6) \$		(12) \$	

Total \$ _____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, ____.

In the presence of:

Section 3.11. Sale of Bonds; Ratification and Execution of Loan Agreement with Authority. The Series 1998 A Bonds shall be sold to the Authority pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairperson is specifically authorized and directed to execute the Loan Agreement and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, ratified and approved.

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

ARTICLE IV

(Reserved)

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank.

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

- (1) Revenue Fund (established by Prior Resolutions);
- (2) Renewal and Replacement Fund (established by Prior Resolutions);
and
- (3) Series 1998 A Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission.

The following special funds or accounts are hereby established with the Commission:

- (1) Series 1998 A Bonds Sinking Fund;
 - (a) Within the Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund created pursuant to Section 4.01(A)(i) of the Prior Bonds Resolution. 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 first, each month, pay from the Revenue Fund the current Operating Expenses of the System.
- (2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month make the interest payment transfers required by the Prior Resolutions.
- (3) The Issuer shall next, on the first day of each month and without distinction or priority between the payments and simultaneously with the principal transfers required by the Prior Resolutions, commencing 3 months prior to the first date of payment of principal on the Series 1998 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1998 A Bonds Sinking Fund, a sum equal to 1/3rd of

the amount of principal which will mature and become due on said Series 1998 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1998 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next and simultaneously with the transfers required by the Prior Resolutions, on the first day of each month and without distinction of priority between the two payments, commencing 3 months prior to the first date of payment of principal of the Series 1998 A Bonds, if not fully funded upon issuance of the Series 1998 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1998 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1998 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1998 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1998 A Bonds Reserve Requirement.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the Project, 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 the Series 1998 A Bonds Reserve Account but inclusive of the transfers required by the Prior Resolutions. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1998 A Bonds 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 by Subsection 5.03(A)(4), shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1998 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1998 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Funds are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1998 A Bonds Sinking Fund and Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited for use in the Earnings Fund as required by Section 8.03.

Any withdrawals from the Series 1998 A Bonds Reserve Account which result in a reduction in the balance of the Series 1998 A Bonds Reserve Account to below the Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments for the Prior Bonds and to the Series 1998 A Bonds Sinking Fund and the Series 1998 A Bonds Reserve Account, including deficiencies for prior payments, have been made in full.

As and when additional Bonds ranking on a parity with the Series 1998 A Bonds are issued, provision shall be made for additional payments into the respective Sinking Fund sufficient to pay any interest on such Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate Reserve Account in an amount equal to the maximum provided and required to be paid into the concomitant Sinking Fund in any year for account of the Series 1998 A Bonds of such series, including such additional Bonds which by their terms are payable from such Sinking Fund.

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

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution. If required by the Authority at any time, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically deducted from the Revenue Fund and transferred to the Commission on the date required hereunder.

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any Parity Bonds that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. 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 the Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Excess Revenues. Excess Revenues may be used for any lawful purpose of the System.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent, or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent, or the Depository Bank as the case may be, shall require, such additional sums as shall be necessary to pay the charges and the fees then due. If required by the Authority at any time, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically deducted from the Revenue Fund and transferred to the Commission on the date required hereunder.

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

E. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, that all deposits, including on account of deficiencies, shall be made in the order of priority set forth in Paragraph (A), above, and no payment of lower priority shall be made if there exists a deficiency in a fund or account of higher priority. No such deficiency shall exist solely because the required payments into the Reserve Accounts have not, as of such date, funded such account to the requirement therefor.

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

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

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

ARTICLE VI

APPLICATION OF BONDS PROCEEDS

Section 6.01. Application of Bonds Proceeds; Pledge of Unexpended Bonds Proceeds. From the moneys received from time to time from the sale of the Series 1998 A Bonds, the following amounts shall be deposited with the Depository Bank in the Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

The Depository Bank shall act as a trustee and fiduciary for the Bondholders with respect to the Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Construction Trust Fund set forth in this Resolution. Moneys in the Construction Trust Fund shall be used solely to pay Costs of the Project and, until so expended, are hereby pledged as additional security for the respective series of Bonds.

Section 6.02. Disbursements to and from the Construction Trust Fund. Monthly the Issuer shall provide the Council with a requisition for Costs incurred for the Project with such documentation as the Council shall from time to time require. Upon receipt of proceeds from the Authority, the Issuer shall deposit the proceeds in the Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Construction Trust Fund (except for the costs of issuance of the Bonds originally authorized hereby, which shall be made upon request of the Issuer), shall be made only after submission to the Council of a certificate, signed by an Authorized Officer and the Consulting Engineer, stating:

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

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

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

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

The Depository Bank shall not be required to monitor the application of disbursements from the Construction Trust Fund.

Pending such application, moneys in the Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

Section 6.03. Excess Bond Proceeds. Upon completion of the Project, any Series 1998 A Bonds proceeds not required for the Project Costs shall be applied as directed by the Council.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. 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 Bonds. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Bonds, as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds, or the interest thereon is Outstanding and unpaid.

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

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position. The payment of the debt service of the Series 1998 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System on parity with the lien on said Net Revenues in favor of the holders of the Prior Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Bonds herein authorized and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in this Resolution and the Prior Resolutions are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in this Resolution.

Section 7.04. Initial Schedule of Rates and Charges. The schedule of rates and charges for the services and facilities of the System shall be as set forth, described in and ordered by the PSC Order, which schedule of rates is attached as Exhibit B hereto.

The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay the Operating Expenses of the System and to make the prescribed payments into the funds and accounts 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.

Section 7.05. Real Estate and Real Estate Interests. 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, 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.

Section 7.06. Sale of the System. Except as otherwise required by law and as long as the Prior Bonds are outstanding, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully or redeem at or prior to maturity all the Bonds Outstanding, or to effectively defease this Resolution in accordance with Sections 10.01 hereof and to pay the Series 1998 A Bonds and the Prior Bonds in full. The proceeds from any such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Commission for deposit in the Sinking Funds, and the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Series 1998 A Bonds about to mature and to the redemption prior to maturity at the earliest date permitted hereby and at the redemption price, of all other Outstanding Bonds. Any balance remaining after the redemption or payment of all the Series 1998 A Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay or redeem prior to maturity all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of sixty-six and two-thirds (66 2/3%) in amount of the Bonds then Outstanding and the Managing Engineer. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. So long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that Parity Bonds may be issued as provided for in Section 7.08 hereof and in the Prior Resolutions (so long as the Prior Bonds are Outstanding). All obligations hereafter issued by the Issuer payable from the revenues of the System, except such Parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds; provided, that no such subordinate obligations shall be issued unless all payments required by the Prior Resolutions and to be made into the Reserve Accounts and the Renewal and Replacement Fund 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 respective liens of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Resolution, or upon the System or any part thereof.

Section 7.08. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided and in the Prior Resolutions so long as the Prior Bonds are outstanding.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1998 A Bonds, upon the prior written consent of the Authority and Council.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions or improvements to the System or refunding one or more series of Bonds issued pursuant hereto or the Prior Resolutions, or both such purposes.

As long as the Prior Bonds are Outstanding, the Issuer must comply with the terms of the Prior Resolutions when issuing bonds on a parity with the Series 1998 A Bonds

and the Prior Bonds and must deliver a copy of the certificate required by Sections 6.12(B) of the Prior Resolutions before issuing such parity bonds.

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 Engineer, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

- (1) The Bonds then Outstanding, 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 "estimated average increased annual Net Revenues to be received in each of the three succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any increase in rates adopted by the Issuer and approved by the PSC, 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 Consulting Engineer, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineer and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineer and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer and approved by the PSC, 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 extensions 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 Holders of the Series 1998 A Bonds and the Holders of any Parity Bonds issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their respective liens on the revenues of the System and their respective source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of another series on a parity therewith. 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 Bonds theretofore issued pursuant to this Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Outstanding Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1998 A Bonds.

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

Section 7.09. Books; Records and Facilities. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority, acting by and through its Director, or his duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Issuer shall submit to the Authority such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the Loan or any State and federal grants or other sources of financing for the Project.

The Issuer shall permit the Authority and its agents and representatives to have access to the records 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.

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

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

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

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants 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 Bonds and shall submit said report to the Authority, or any other original purchaser of the Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Resolution and that the Issuer's revenues are adequate to meet its operation and maintenance expenses and debt service requirements.

The Issuer shall permit the Authority, or its agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction of the Project, the Issuer shall also provide the Authority,

or its agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the System pursuant to the Act.

Section 7.10. Rates. Approvals of equitable rates or charges for the use of and service rendered by the System have been obtained all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System, including any reserves required by the PSC Order or any supplement or amendment thereto and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirement are on deposit respectively in the Reserve Account and reserve accounts for obligations prior to or on a parity with the Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds.

Section 7.11. Operating Budget and Audit. The Issuer shall annually, at least 30 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within thirty days of the adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds who shall file his address with the Issuer

and request in writing that copies of all such budgets and resolutions be furnished him and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

In addition, the Issuer shall annually cause the records of the System to be audited by an Independent Certified Public Accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, this Bond Resolution and the Loan Agreement and that the revenues of the System are adequate to meet the Issuer's operation and maintenance expenses and debt service requirements.

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the PSC, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that it will, to the full extent permitted by law and the rules and regulations promulgated by the PSC, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. No Free Services. 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. Such charges shall be paid as they accrue and the issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance. The Issuer will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Issuer will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by Issuer, the Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) on a 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 prime contractor and all subcontractors, as their interests may appear, in accordance with the Loan Agreement. The Issuer shall require that each contractor furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract, as security for the faithful performance of such contract. In time of war, the Issuer shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in this Resolution and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Issuer shall carry such other insurance as is required by the Authority, including but not limited to flood insurance in accordance with the Loan Agreement, to the extent available at reasonable cost to the Issuer. Prior to commencing operation of the Project, the Issuer must also obtain, and maintain so long as any of the Local Bonds is outstanding, business interruption insurance if available at a reasonable cost.

Section 7.16. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineer in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council

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

The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the 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 on behalf of the Consulting Engineers, which have been approved by all necessary governmental bodies. The Consulting Engineer shall certify to the Authority and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

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

Section 7.17. Completion of Project; Permits and Orders. The Issuer hereby covenants and agrees to complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all applicable laws, rules and regulations issued by the Council, the Authority or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

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

Section 7.18. Reserved.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders 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 and shall be for the benefit of all Registered Owners of Bonds which lien is on a parity with the lien of the Prior Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all terms and conditions of the Loan Agreement. The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority or other state, federal or local bodies in regard to the purchase and acquisition of the Project and the operation, maintenance and use of the System.

Section 7.21. PSC Order. The Issuer shall comply with the conditions of the PSC Order and any supplement or amendment thereto.

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once a year, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records relating thereto so long as any of the Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of intent on the Bonds from gross income for Federal income tax purposes.

ARTICLE IX

DEFAULT AND REMEDIES

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

- (1) If default occurs in the due and punctual payment of the principal of or interest on any Bonds; or
- (2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Resolution, any Supplemental Resolution or in the Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Bond Registrar, any Paying Agent or a Holder of a Bond; or
- (3) If a default occurs under the Prior Resolutions; or
- (4) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

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

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under this Resolution and the Act, including, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to the Bonds any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the

System or to complete the acquisition and construction of the Project, or both, on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Resolution and the Act.

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

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Resolution for Reserve, Sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Resolution, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders 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 Resolution, then the pledge of Net Revenues and other moneys and securities pledged under this Resolution and all covenants, agreements and other obligations of the Issuer to the Registered Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Resolution. No material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of sixty-six and two-thirds (66-2/3%) percent or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Resolution may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Bonds from the 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 Bonds and no change, variation or alteration of any kind of the provisions of the Resolution shall be made in any manner, except as in this Resolution provided.

Section 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 and the Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. All orders or resolutions and parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between the Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

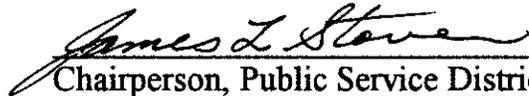
Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been

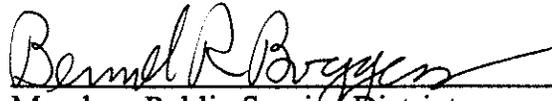
performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairperson, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

Adopted this 21st day of May, 1998.

SOUTHERN JACKSON COUNTY
PUBLIC SERVICE DISTRICT


Chairperson, Public Service District


Member, Public Service District

Member, Public Service District

CERTIFICATION

Certified as a true copy of a Resolution adopted by the Public Service Board of Southern Jackson County Public Service District on the 21st day of May, 1998.

Dated: May 22, 1998.

[SEAL]


Secretary-Treasurer, Public Service District

CHASFS3:112583

EXHIBIT A

The District proposes to construct 229 LF of 12" PVC pipe; 5,735 LF of 8" PVC pipe; 350 LF of 8" ductile iron pipe; a 400 gpm booster station; a master meter and vault; 4 fire hydrants; and valves and appurtenances.

EXHIBIT B

SCHEDULE OF RATES

CHASFS3:112583

Applicable in entire territory served.

RATES

(A)	<u>Monthly Customer Charge</u>	
	5/8 inch meter	\$ 6.18 per month
	3/4 inch meter	9.27 per month
	1 inch meter	15.45 per month
	1-1/2 inch meter	30.90 per month
	2 inch meter	49.43 per month
	3 inch meter	92.69 per month
	4 inch meter	<u>154.48 per month</u>
	6 inch meter	<u>308.96 per month</u>

(A) Commodity Charge
\$5.64 per 1,000 gallons

MINIMUM BILL

The minimum bill shall be the monthly customer charge.

(D)
(D)

(C) DELAYED PAYMENT PENALTY

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

(C) CONNECTION CHARGE
\$200.00

(A) RECONNECTION CHARGE
\$20.00

(A) Indicates Advance
(D) Indicates Deletion
(C) Indicates Change In Text

ISSUED: August 16, 1994

EFFECTIVE: October 9, 1994

Issued By: Stephen Farley, Manager, Southern Jackson County Public Service District, Post Office Box 57, Kenna, West Virginia, pursuant to Order entered August 16, 1994 in Case No. 94-0392-PWD-42T.

Applicable in entire territory served by the District.

AVAILABILITY OF SERVICE

Available for private fire protection service.

RATE

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

2 inch Service Line with hydrants, sprinklers and/or hose connections	\$ 5.02 per month
3 inch Service Line with hydrants, sprinklers and/or hose connections	\$ 6.08 per month
4 inch Service Line with hydrants, sprinklers and/or hose connections	\$ 8.11 per month
6 inch Service Line with hydrants, sprinklers and/or hose connections	\$ 18.14 per month
8 inch Service Line with hydrants, sprinklers and/or hose connections	\$ 32.21 per month
10 inch Service Line with hydrants, sprinklers and/or hose connections	\$ 50.39 per month
12 inch Service Line with hydrants, sprinklers and/or hose connections	\$ 72.56 per month

Where connections and hydrants on private property are maintained by the District:

Each Fire Hydrant \$100.00 per month

These terms are payable monthly in advance

ISSUED: August 16, 1994

EFFECTIVE: October 9, 1994

Issued By: Stephen Farley, Manager, Southern Jackson County Public Service District, Post Office Box 57, Kenna, West Virginia, pursuant to Order entered August 16, 1994 in Case No. 94-0392-PWD-42T.

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES, AND OTHER TERMS OF THE SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BONDS (WEST VIRGINIA INFRASTRUCTURE FUND), SERIES 1998 A, DESIGNATING A REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; APPROVING THE LOAN AGREEMENT WITH RESPECT TO THE BONDS; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board of the Southern Jackson County Public Service District (the "District") has duly and officially adopted a Bond Resolution on May 21, 1998 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATER FACILITIES OF SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$380,000 IN AGGREGATE PRINCIPAL AMOUNT OF SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT WATER REVENUE BONDS (WEST VIRGINIA INFRASTRUCTURE FUND), SERIES 1998 A; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SAID BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RELATING TO SAID BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance of the Southern Jackson County Public Service District Water Revenue Bonds (West Virginia Infrastructure Fund), Series 1998 A (herein the "Bonds") in aggregate principal amount not to exceed \$380,000, all in accordance with Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and the terms of the Loan Agreement (the "Loan Agreement") entered into between the District and the West Virginia Water Development Authority (the "Authority"), but requires that the dates, maturities, sale prices and other terms of the Bonds should be established by a supplemental resolution;

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

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

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

Section 1. Pursuant to the Resolution, the Act, and this Supplemental Resolution, the Bonds shall be in the aggregate principal amount of \$380,000, with the following provisions:

The Series 1998 A Bonds shall be originally issued in the form of a single bond, numbered AR-1, in the principal amount of \$380,000. The Series 1998 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2038, and bears no interest, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1998 A Bonds, and shall be payable quarterly in installments of principal and interest on September 1, December 1, March 1 and June 1 in each year, beginning March 1, 1999, and in the amounts as set forth in the Loan Agreement and incorporated therein by reference. The Series 1998 A Bonds shall be sold to the Authority in accordance with the terms of the Loan Agreement at a price equal to 100% of the principal amount thereof.

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

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

Section 4. The District hereby reaffirms and appoints the Bank of Ripley, Ripley, West Virginia, as the Depository Bank, as provided in the Resolution.

Section 5. The District hereby appoints and designates the Bank of Ripley, Ripley, West Virginia, as Registrar for the Bonds.

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

Section 7. The Chairperson and Secretary or Acting Secretary are hereby authorized and directed to execute and deliver such other documents and certificates, including the Registrar's Agreement, required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about May 22, 1998.

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

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

Section 10. The Chairperson, Secretary, and General Manager are hereby authorized and directed to requisition the Council for costs incurred for the Project and upon receipt of proceeds from the Council, shall deposit the proceeds in the Bond Construction Fund.

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

Dated: May 22, 1998.

SOUTHERN JACKSON COUNTY
PUBLIC SERVICE DISTRICT

[SEAL]


Chairperson


Secretary-Treasurer

CHASF83:112538

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
COMMISSIONERS MEETING
WATER MINUTES
"SPECIAL MEETING"
MAY 21, 1998

In attendance:

James L. Stover, P.E., Chairman
Bernard R. Boggess, Member
Patricia Winter, Sec.-Treas.
Dannie Raines, General Manager
Linda Parsons, Clerk
Jim Hildreth, Boyles & Hildreth Engineers
Samme Gee, Jackson & Kelly
Patience Alexander, Jackson & Kelly

The Public Service Board of Southern Jackson County Public Service District met in special session on May 21, 1998, 6 p.m. at the District office. The Chairman called the meeting to order.

The \$380,000 West Virginia Infrastructure Fund, Series 1998 A Bond Resolution was reviewed. After discussion, Bernard Boggess made a motion to execute said resolution. James Stover seconded.

Supplemental Resolution providing as to dates, maturities, interest rates, principal payment schedules, sale prices and other terms of the Southern Jackson County Public Service District water revenue bonds, designating a registrar, paying agent and depository bank, approving the loan agreement with respect to the bonds and making other provisions as to the bonds was reviewed and discussed. James Stover made a motion to execute said supplemental resolution. Bernard Boggess seconded.

Resolution approving invoices relating to construction and other services for the proposed water system upgrade and authorizing payment thereof for drawdown no. 1 as follows:

Engineering - Boyles & Hildreth	\$ 21,158.00
Wallace J. Board	215.00
Bond Counsel - Jackson & Kelly	6,500.00
Accounting - Smith, Cochran & Hicks	1,975.00
Administration - Reimbursement to SJCPD	
for Dept. of Health Permit	300.00
legal ads	688.23

TOTAL \$ 30,836.23

Bernard Boggess made a motion to execute resolution. James Stover seconded.

James Stover made a motion to pay the following invoices for

drawdown no. 2:

Land & R/W - Reimburse SJCPD for the
purchase of booster station
site from Louella McPhail \$ 3,500.00

Administration - Reimburse SJCPD for
legal ad 16.47
WV DNR invoice 75.00

TOTAL \$ 3,591.47

Bernard Boggess seconded.

Bernard Boggess made a motion to authorize Patricia Winter to
procure and sign for \$25,000 road bond. James Stover seconded.

The 1998-1999 budget was reviewed. James Stover made a motion to
approve said budget. Bernard Boggess seconded.

There being no further business, meeting adjourned.

Board Members: (Minutes to be approved at June 10, 1998 meeting)

James L. Stover, P.E., Chairman

Secretary-Treasurer:

Jim Hutchinson, Vice-Chairman

Patricia Winter

Bernard R. Boggess, Member

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

Entered: February 3, 1998

2-11-98
by Commission Order

CASE NO. 97-0444-PWD-CN

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT,
a public utility.

Application for a certificate of convenience
and necessity to upgrade its existing water
facilities and for approval of financing
incidental thereto.

RECOMMENDED DECISION

On September 19, 1997, Southern Jackson County Public Service District (District), a public utility, filed an application for a certificate of convenience and necessity to upgrade its existing water facilities and for approval of financing incidental thereto. The project will cost approximately \$350,000 and will be financed by a loan in the amount of \$350,000 from the West Virginia Infrastructure and Jobs Development Council, with an interest rate of 0% for a term of not more than forty years from date of closing.

By Notice of Filing Order entered on September 19, 1997, the District was directed to give notice of its application by publishing a copy of the Notice of Filing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Jackson County. If no public protests are timely filed in response to the published Notice, the Commission is authorized to render a decision without a hearing, by virtue of West Virginia Code §24-2-11.

On October 10, 1997, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before April 16, 1998.

On October 15 and December 30, 1997, the District filed its affidavits of publication indicating that publication was made of the Notice of Filing on October 6 and October 13, 1997, in The Register, a newspaper of general circulation in Mason County, and on November 19, 1997, in The Jackson Herald, a newspaper of general circulation in Jackson County. As of this date of this Order, no protests have been filed.

On January 8, 1998, James V. Kelsh, Staff Attorney, filed a Further Final Joint Staff Memorandum in this proceeding. Attached to that Memorandum was a Final Internal Memorandum prepared by Robert L. Skiles, Jr., P.E., Engineer IV, and James M. Boggess, Jr., Utilities Analyst II, both of the Water and Wastewater Division. According to Staff, the District

proposes to construct 229 LF of 12" PVC pipe; 5,735 LF of 8" PVC pipe; 350 LF of 8" ductile iron pipe; a 400 gpm booster station; a master meter and vault; 4 fire hydrants; and valves and appurtenances. Total estimated cost of the project is \$350,000.

Staff noted that the purpose of the proposed project is to improve service to the District's Fairplain service level, which feeds all other service zones. Currently, water is purchased from the City of Ripley and pumped to the Fairplain service level by means of a 150 GPM booster station at Cedar Lakes. The Cedar Lakes booster station operates 22 to 23 hours per day during periods of peak demand. With the addition of the District's Goldtown water extension project, this pump station will be operating at full capacity. The proposed project will replace the Cedar Lakes booster station with a new one that has a capacity of 400 GPM. According to Staff, the plans and specifications are on file for the proposed project and a review of these documents did not reveal any conflict with the Commission's Water Rules or issues of engineering concern. The file contains Permit No. 13,257 from the West Virginia Office of Environmental Health Services. Technical Staff accepted this permit as evidence that the project is in conformance with that agency's standards.

Staff noted that no change in operation and maintenance expenses is expected to result from the project. This is primarily because the existing booster station operates at 22 to 23 hours per day and will be replaced by a new one that will initially operate from 6 to 8 hours per day. Although the new booster station has a higher horsepower requirement than the existing one, the resultant power cost will be equal to or lower than that of the existing one because of the lesser operating time. Technical Staff concurred that there will not be any increase in operation and maintenance expenses as a result of the project. However, Staff noted that there may be additional cost savings that occur when the new booster becomes operational. In consideration of this, along with the District's sizeable surplus, a rate review within one year of construction completion was recommended by Staff.

The agreement for engineering services associated with the project was approved by the Commission in Case No. 97-0203-PWD-PC (Final July 2, 1997).

According to Staff, the existing rates provide adequate revenues to service the additional debt. The District requested and received a waiver of the Rule 42 Exhibit requirement.

According to Staff, the going-level adjustments were carried over from the Staff-recommended cash flow in the Goldtown extension, approved in Case No. 97-0444-PWD-CN. The District will enjoy a sizeable surplus and a debt coverage of almost 153%.

Staff recommended that: 1) Southern Jackson County Public Service District be granted a certificate of convenience and necessity to construct the Route 21 pumping station and associated improvements; and 2) the District should be ordered to notify the Commission when construction is completed and be required to file a request for a rate review within one year of construction completion. The date of construction completion should be considered the date the District notifies the Commission that construction is complete.

Upon consideration of all of the above, the Administrative Law Judge is of the opinion that Staff's recommendations are reasonable and that the project should be approved, along with the proposed financing.

FINDINGS OF FACT

1. On September 18, 1997, Southern Jackson County Public Service District filed an application for a certificate of convenience and necessity and request for approval of financing to upgrade its water facilities. (See, Application).
2. By Order entered on September 19, 1997, Southern Jackson County Public Service District was required to provide public notice of this application. (See, Order entered September 19, 1997).
3. On October 15, 1997, and on December 30, 1997, the District filed affidavits of publication in this proceeding indicating that the required notice was published on October 13, 1997, and on November 19, 1997. (See, Affidavits of Publication filed October 15, 1997, and on December 30, 1997).
4. The 30-day protest period expired on December 19, 1997, with no protests having been filed. (See, Affidavits of Publication filed October 15, 1997, and December 30, 1997; case file generally).
5. The plans and specifications for the project were approved by the Offices of Environmental Health Services on April 30, 1997, by Permit No. 13,257. (See, Permit dated April 30, 1997).
6. The total project cost is estimated to be \$350,000, which will be financed by a 0% interest loan from the Infrastructure Council payable over 40 years. (See, letters dated June 5, 1997, and November 10, 1997, in case file).
7. Staff is of the opinion that the project is in the public interest, adequately designed and funded and should be approved. (See, Further Final Joint Staff Memorandum filed January 8, 1998).

CONCLUSION OF LAW

1. The public convenience and necessity require the proposed project.
2. The proposed project will provide adequate service.
3. The proposed project is adequately financed and is economically feasible.
4. Good cause has been shown to waive formal hearing on this matter, pursuant to West Virginia Code §24-2-11, since no protests have been received to the project.
5. The issuance of a certificate of convenience and necessity shall be valid for the project as approved herein.

6. Any changes in the scope of this project and/or funding after the granting of the certificate shall require further approval from the Public Service Commission.

ORDER

IT IS, THEREFORE, ORDERED that a certificate of convenience and necessity be, and it hereby is, granted to Southern Jackson County Public Service District to upgrade its water facilities including construction of a new booster station and a master water meter, all as set forth in the application filed herein on September 18, 1997.

IT IS FURTHER ORDERED that the proposed funding of this project, consisting of a \$350,000 0% interest loan from the Infrastructure Council, payable over 40 years be, and it hereby is, approved.

IT IS FURTHER ORDERED that the Southern Jackson County Public Service District shall file a notice of the actual in-service date of the project.

IT IS FURTHER ORDERED that, if there are changes to the cost, scope, financing or design of the project as certificated herein, Southern Jackson County Public Service District shall petition the Commission for approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that formal hearing in this matter be waived, pursuant to West Virginia Code §24-2-11, for the reasons that no protests were received after publication and there remain no outstanding issues to be litigated.

IT IS FURTHER ORDERED that Southern Jackson County Public Service District file a petition for a rate review no later than twelve (12) months from the in-service date of the project.

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

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

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

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



Miles C. Cary
Administrative Law Judge

MCC:mal

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the Public Service Commission of West Virginia, in the City of Charleston,
on the 28th day of April, 1998.

CASE NO. 97-0444-PWD-CN

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

Pre-filing of certain information for a forthcoming
water certificate application.

COMMISSION ORDER

PROCEDURE AND DISCUSSION

By a February 3, 1998 Recommended Decision, which became a Final Order on February 11, 1998, the Southern Jackson County Public Service District (District) was granted approval of its application for a certificate of convenience and necessity and request for approval of financing for a project to upgrade its water facilities, including construction of a new booster station and a master water meter. The project was estimated to cost \$350,000 which would be financed by a no interest loan from the Infrastructure council payable over 40 years.

On March 25, 1998, the District filed a petition to reopen to obtain Commission approval of increased project costs and resulting alterations in its funding for the project. The District informed the Commission that the total project costs are \$380,000, an increase of \$30,000.

On April 6, 1998, Commission Staff filed its Initial and Final Internal Memorandum recommending approval of the district's increased project costs and related funding subject to the same conditions as were contained in the February 11, 1998 order. Staff noted that even with the additional debt service, the District's operations will still result substantial cash surplus. Therefore the additional borrowing will not have an impact on rates.

It is reasonable to grant the District's petition to reopen the case and to approve the project's increased costs and altered funding, without a hearing, subject to the same conditions as contained in the February 11, 1998 Order

ORDER

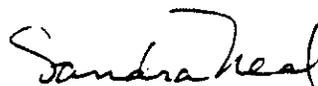
IT IS THEREFORE ORDERED that the altered funding due to increased costs of the Southern Jackson County Public Service District's project to upgrade its water facilities, which became a Final Order on February 11, 1998, are approved, subject to the same conditions as

contained in the February 11, 1998 Order.

IT IS FURTHER ORDERED this petition is hereby resolved and shall be removed from the Commission's docket of active cases .

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

A True Copy, Teste:



Sandra Neal
Executive Secretary

ARC



AFFIDAVIT OF PUBLICATION

Cost of Publication \$42.77

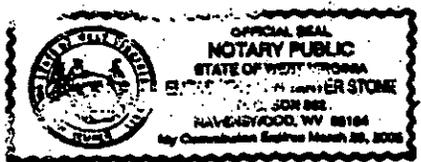
State of West Virginia,
County of Jackson, to wit:

I, Carol Haun, 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 1 successive weeks, commencing with the issue of the 19 day of Nov. 1997 and ending with the issue of the 19 day of Nov. 1997 (and was posted at the _____ on the _____ day of _____ 19____.

Carol Haun
/s/ _____
Carol Haun, Publisher
The Jackson Herald

Take, subscribed and sworn to before me in my said county this 19 day of November 19, 97
My commission expires March 29, 2004



/s/ Elizabeth Lynn Winter Stone
Notary Public of Jackson County,
West Virginia

**PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
CHARLESTON**

Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 19th day of September, 1997.

CASE NO. 97-0444-PWD-

CN SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, a public utility.

Application for a certificate of convenience and necessity to upgrade its existing water facilities and for approval of financing incidental thereto.

WHEREAS, on September 19, 1997, Southern Jackson County Public Service District, filed an application for a certificate of convenience and necessity to upgrade its existing water facilities and for approval of financing incidental thereto.

WHEREAS, Southern Jackson County Public Service District, states that the project will cost approximately \$350,000.00. The project will be financed by a loan in the amount of \$350,000 from the West Virginia Infrastructure and Total Development Council with an interest rate of 0% for a term of not more than forty years from the date of closing. The District proposes to issue revenue bonds in aggregate principal amount not to exceed \$350,000 at an interest rate not to exceed 3% maturing over a thirty-eight (38) year period with a ten percent reserve.

WHEREAS, Southern Jackson County Public Service District proposes to maintain its existing rates, charges, penalties and fees for water service as follows:

RATES: 3/8 inch meter - \$6.18 per month; 3/4 inch meter - \$9.27 per month; 1 inch meter - \$13.45 per month; 1 1/2 inch meter - \$30.90 per month; 2 inch meter - \$49.43 per month; 3 inch meter - \$92.69 per month; 4 inch meter - \$154.48 per month; 6 inch meter - \$308.96 per month.
Pursuant to 24-2-11, West

Virginia Code IT IS ORDERED that Southern Jackson County Public Service District, a public utility, give notice of the filing of said application by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Jackson County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to make objection to said application must do so in writing, within thirty (30) days after the publication of this notice, to Sandra Neal, Executive Secretary, P.O. Box 812, Charleston, West Virginia, 25323.

IT IS FURTHER ORDERED that the motion by Southern Jackson County Public Service District for waiver of the Commission's filing requirements of a Rule 42 Exhibit, be, and it is hereby is granted.

IT IS FURTHER ORDERED that if no protests are received within said 30-day period, the Commission may waive formal hearing and grant the application of the Southern Jackson County Public Service District, based on the evidence submitted with said application and its review thereof.

FOR THE COMMISSION:

Sandra Neal, Executive Secretary

H-11-19-11c

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the _____ day of _____,
19 77, between the CITY OF RIPLEY, WEST VIRGINIA
RIPLEY, WEST VIRGINIA 25271
(Address)

hereinafter referred to as the "Seller" and the SOUTHERN JACKSON COUNTY PUBLIC SERVICE
DISTRICT
(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of Chapter 16 Article 13-a of the
Code of West Virginia, as amended, for the purpose of constructing and operating a water supply distribution
system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish
this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the
present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown
in the plans of the system now on file in the office of the Purchaser, and

Whereas, by resolution No. _____ enacted on the Third (3rd) day
of August, 19 76, by the Seller, the sale of water to the Purchaser in accordance
with the provisions of the said resolution was approved, and the execution of this contract
carrying out the said resolution by the Mayor, John W. Miller
and attested by the Secretary, was duly authorized, and

Whereas, by resolution of the Board
of the Purchaser, enacted on the 8 day of June, 19 77,
the purchase of water from the Seller in accordance with the terms set forth in the said resolution
was approved, and the execution of this contract by the Chairman, and
attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of
this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the _____
West Virginia State Department of Health

in such quantity as may be required by the Purchaser not to exceed _____ gallons per month.

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure calculated at least 4 PSI from an existing eight (8) inch main supply at a point located _____

near Route 21 at the Southern side of the City

If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. (Metering Equipment) To furnish, install, operate, and maintain at its own expense at point of delivery, the necessary metering equipment, including a meter house or pit, and required devices of standard type for properly measuring the quantity of water delivered to the Purchaser and to calibrate such metering equipment whenever requested by the Purchaser but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate

shall be corrected for the three (3) months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller

and Purchaser shall agree upon a different amount. The metering equipment shall be read on last day of the month.

An appropriate official of the Purchaser at all reasonable times shall have access to the meter for the purpose of verifying its readings. The purchaser will furnish and install the metering equipment initially and do the necessary connections to the existing line.

4. (Billing Procedure) To furnish the Purchaser at the above address not later than the 10th day of each month, with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

B. The Purchaser Agrees:

1. (Rates and Payment Date) To pay the Seller, not later than the 10th day of each month, for water delivered in accordance with the following schedule of rates:

- 1,000 gallons of water
- a. \$ 2.03 per / _____ for the first 2,000 gallons, which amount shall also be the minimum rate per month.
 - b. \$ 1.22 cents per 1000 gallons for water in excess of 2,000 gallons but less than 9,000 gallons.
 - c. \$.92 cents per 1000 gallons for water in excess of 9,000 gallons but less than 60,000 gallons
 - d. \$.61 cents per 1,000 gallons of water in excess of 60,000 gallons, but less than 672,000 gallons.
 - e. \$.51 cents per 1,000 gallons of water in excess of 672,000 gallons,

2. (Connection Fee) To pay as an agreed cost, a connection fee to connect the Seller's system with the system of the Purchaser, the sum of _____ dollars which shall cover any and all costs of the Seller for installation of the metering equipment and _____

C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 40 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That 30 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the machine equipment has been installed at that time, etc. ~~This cost will be billed directly to the Contractor and is to be paid by the Contractor, on his failure to pay, by the Purchaser.~~
This cost will be billed directly to the Contractor and is to be paid by the Contractor, on his failure to pay, by the Purchaser.

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every 1 year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement.

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in 6 counterparts, each of which shall constitute an original.

Seller: CITY OF RIPLEY
John W. Miller
By JOHN W. MILLER, MAYOR
Title MAYOR

Attest: Helen H. Casto
Secretary

Purchaser: Carl DeLore

Attest: Dolores G. Willard
Secretary

By _____
Title Chairman, Jackson County, Southern, Public Service District

This contract is approved on behalf of the Farmers Home Administration this 27 day of June, 1922.

By M. D. P.
Title Chief, Poverty Program

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
12-8-96

Entered: November 18, 1996

CASE NO. 96-0690-PWD-W-P

SOUTHERN JACKSON COUNTY PUBLIC SERVICE
DISTRICT and RIPLEY MUNICIPAL WATER WORKS
Joint petition for review of the
City's cost of service and the
establishment of an appropriate
rate for the sale of water to the
District.

RECOMMENDED DECISION

On June 18, 1996, Southern Jackson County Public Service District (District) and the City of Ripley (City) through its Municipal Water Works filed a joint petition with the Public Service Commission requesting that the Commission to perform a class cost of service study of the City's water utility system and requesting the establishment of an appropriate rate for the sale of water by the City to the District. The District purchases water for resale from the City and distributes that water in Jackson and Putnam Counties, West Virginia. The sale of water by the City to the District is made pursuant to an agreement entered into by both parties on June 8, 1977. A copy of the agreement was attached to and incorporated in the petition as Petitioners' Exhibit 1.

In 1991, in order to establish a procedure for the negotiation of rate revisions under the agreement, the Ripley City Council, with the approval of the District, adopted an amendment into its rate water ordinance, which amendment established certain procedures to be followed to change the contract rate. The amendment is attached to the petition as Petitioners' Exhibit 2. By Order entered on September 10, 1992, in Case No. 91-223-W-PC, the Commission granted its approval for the City and the District to enter into an agreement to follow the procedure set forth in Petitioners' Exhibit 2. The District and the City have followed that procedure since its approval by the Commission. In 1994, the City and the District agreed to the current rate of \$1.49 per thousand gallons of water sold and the District has paid that rate since then.

On April 22, 1996, the City informed the District that it proposed to increase the rate charged to the District to \$1.90 per thousand gallons, effective on the anniversary date of the contract, June 8, 1996. The City's proposal is attached to the petition as Petitioners' Exhibit 3. By letter dated May 20, 1996, the District advised the City of its rejection of the proposed rate and offered its proposal of \$1.42 per thousand gallons. A

copy of the counter proposal is attached to the petition as Petitioners' Exhibit 4. By letter dated June 4, 1996, the City rejected the District's counter proposal and made a final offer of \$1.66 per thousand gallons. A copy of that final offer is attached to the petition as Petitioners' Exhibit 5. In the letter of June 4, 1996, the City stated that, if the District did not agree to the City's final offer, a joint petition for review of the City's rates would have to be filed with the Commission. Accordingly, the District and the City have requested that the Commission perform a class cost of service study of the City's water system and, on the basis of that study, establish an appropriate rate for the sale of water by the City to the District. During the pendency of the review, the District will continue to pay for its water purchases from the City at the rate of \$1.49 per thousand gallons and it will deposit the amount of \$0.17¹ per thousand gallons (the difference between the City's compromise final offer and the current rate) into escrow, as provided by the mechanism agreed to by both parties.

By Referral Order entered on July 8, 1996, the Public Service Commission referred this matter to the Division of Administrative Law Judges for a decision to be rendered on or before January 14, 1997. Additionally, the Commission directed Commission Staff to submit its report in this proceeding on or before October 16, 1996.

On October 7, 1996, the undersigned Administrative Law Judge issued a Procedural Order in this matter, establishing a schedule to be followed for the processing and resolution of this case, to comply with the established decision due date of January 14, 1997. Among other things, the Procedural Order set this matter for hearing to be held on Monday, November 4, 1996, at 1:30 p.m., in the Conference Room, City Hall, 113 S. Church Street, Ripley, West Virginia, and to continue on that date until concluded. A schedule was also established for the filing of the transcript and initial and reply briefs from the parties. The Order informed both the District and the City that they must be represented at hearing by counsel licensed to practice law and a member in good standing with the West Virginia State Bar or by counsel associated with counsel who meets those qualifications. The Order noted that, while one counsel had filed the joint petition on behalf of both entities, at hearing, if there was a dispute between the District and City, they must each be represented by separate counsel. Finally, the Order noted that, in light of the existing decision due date, the schedule established in the October 7, 1996 Procedural Order could not be modified, and the hearing could not be cancelled, unless the parties had first requested and obtained an appropriate extension of the existing decision due date.

On October 16, 1996, Commission Staff filed its recommendation in this matter, consisting of three reports.

On October 25, 1996, counsel for Southern Jackson County Public Service District filed a letter accepting the Staff recommendation.

¹The original petition set forth an escrow payment of \$0.27 per thousand gallons purchased. However, by letter filed on June 19, 1996, the joint petition was corrected to reflect the correct escrow amount of \$0.17 per thousand gallons.

The hearing set for November 4, 1996, was held as scheduled, with Robert R. Rodecker, Esquire, appearing on behalf of the District; Glenn R. Neal, Esquire, appearing on behalf of the City of Ripley; and Keith A. George, Esquire, Staff Attorney, appearing on behalf of Commission Staff. At the hearing, counsel for both the District and the City indicated no objection to the Staff recommendations and both entities accepted the recommendation of Commission Staff. Accordingly, the three Staff reports were stipulated into the record as Staff Exhibits 1, 2 and 3 without objection. Once the three Staff Exhibits were received in evidence, the hearing was adjourned.

DISCUSSION

Staff Exhibit No. 1 is a cost of service study demand factors report, which allocates the costs experienced by the City of Ripley in supplying water service to its customers among the three customer classes, residential, commercial and resale. Staff Exhibit 2 is a Rule 42 Exhibit which represents Staff's review of the books and records for the City of Ripley's water utility operation for the year ended June 30, 1996. Statement H of Staff Exhibit 2 indicates that, at going-level, the City of Ripley's water operations have total available cash of \$472,067, total cash requirements before debt service of \$337,948, cash available for debt service of \$134,119, a total debt service requirement of \$52,018 and an annual surplus of \$82,101, with debt service coverage of 2.58%. (See, Staff Exhibit 2, Statement H, p. 1).

On the basis of the demand factors report and the Staff Rule 42 exhibit, Commission Staff provided a class cost of service study and revenue requirements report, which is Staff Exhibit 3. Based upon the Staff reports, Commission Staff determined that the City of Ripley's total rates are excessive, including its current contract rate for the District of \$1.49 per 1,000 gallons. Commission Staff is of the opinion that a going-level surplus of \$82,000 is far in excess of the amount needed by the City on an annual basis for unforeseen maintenance and capital improvements. In calculating a reasonable contract rate to be charged to Southern Jackson County Public Service District, Commission Staff limited the City's surplus to \$25,000, in consideration of the current condition of the water system and an acceptable level of line loss. Staff recommended a reduction of 9.4%, or \$0.14, in the current contract rate between the District and the City, changing the rate of \$1.49 to \$1.35 per 1,000 gallons.

Since this is not a municipal appeal proceeding and the Commission has only limited jurisdiction over municipal rates, Commission Staff did not recommend a reduction in the City's rates for its residential and commercial customers, although it indicated that such a reduction would be reasonable. For the City's information, Commission Staff did calculate what it considers to be reasonable rates for all of the City's customer classes, in addition to a reasonable contract rate for use between the District and the City. Staff also recommended that other items in the City of Ripley's tariff either be reworded or eliminated, such as the delayed payment penalty clause and language concerning disconnections. Staff also recommended inclusion of a leak adjustment clause in the City's tariff, pointing out that, in General Order No. 188.12, the Public Service Commission approved a rule change, requiring a leak adjustment rate, in Water Rule 4.4.3, effective February 5,

1996. General Order No. 188.12 required that, as part of a rate case, the incremental cost of producing water be calculated and placed in a water utility's tariff as the amount the water utility will use in the event of a leak adjustment. Commission Staff calculated the City of Ripley's incremental cost as \$0.28 per 1,000 gallons. Commission Staff also recommended that the City of Ripley make a concerted effort to institute a bookkeeping system which more closely adheres to generally accepted accounting standards as prescribed by the Commission's adopted Uniform System of Accounts.

Upon consideration of all of the above, the Administrative Law Judge will adopt the Staff-calculated contract rate of \$1.35 per 1,000 gallons to be charged by the City of Ripley to Southern Jackson County Public Service District for water service. However, with respect to the remainder of Staff's recommended tariff changes for the City of Ripley, the Administrative Law Judge is of the opinion that the Public Service Commission does not have the jurisdiction to make the changes requested by Commission Staff at this time. The rate which is under review by the Public Service Commission in this proceeding is a contract rate between the City of Ripley and Southern Jackson County Public Service District. It is not a tariff rate. The City of Ripley's water tariff is not in litigation in this proceeding and is not open for revision by the Public Service Commission in this proceeding, in light of the Commission's limited jurisdiction over municipal rates as expressed in West Virginia Code §24-2-4b. Further, the Commission-approved procedure used by the City and the District to make rate changes under the contract specifically states that any change in rates pursuant to that procedure shall not be deemed to constitute the enactment of a rate ordinance under West Virginia Code §24-2-4b. (See, Petitioners Exhibit 2, p. 2, §6-201.1(d), filed June 18, 1996). Naturally, the Administrative Law Judge would encourage the City of Ripley to adopt the various Staff wording changes and the Staff-calculated incremental cost of producing water, set forth in Staff Exhibit 3, through the mechanism of an appropriate municipal rate ordinance.

FINDINGS OF FACT

1. Southern Jackson County Public Service District and the City of Ripley jointly filed a petition with the Public Service Commission requesting that the Commission perform a class cost of service study of the City of Ripley's water utility system in order to establish an appropriate rate for the sale of water by the City to the District, pursuant to a water sale agreement entered into by both parties on June 8, 1977, and pursuant to a procedure for the negotiation of rate revisions enacted by the Council of the City of Ripley and approved by the Public Service Commission by Order entered on September 10, 1992, in Case No. 91-223-W-PC. (See petition and attached exhibits filed June 18, 1996).
2. Commission Staff performed the necessary class cost of service study and calculated a revised rate for the sale of water by the City to the District. (See, Staff Exhibits 1, 2 and 3, generally).
3. Both Southern Jackson County Public Service District and the City of Ripley have accepted the Staff-calculated rate for the sale of water by the City to the District of \$1.35 per 1,000 gallons, representing a \$0.14

per 1,000 gallon decrease in the cost of water purchased by the District from the City. (Tr., p. 4, and letter filed October 25, 1996).

CONCLUSION OF LAW

It is reasonable to approve the Staff-calculated rate of \$1.35 per 1,000 gallons for the sale of water by the City of Ripley to Southern Jackson County Public Service District, since Commission Staff calculated that rate after a full and complete review of the City of Ripley's books and records and the preparation of a class cost of service study for the City of Ripley, and since both Southern Jackson County Public Service District and the City of Ripley have accepted the Staff recommendation.

ORDER

IT IS, THEREFORE, ORDERED that the rate of \$1.35 per 1,000 gallons be, and it hereby is, approved for use by the City of Ripley for the sale of water to Southern Jackson County Public Service District, for all water sold by the City to the District on and after the date that this order becomes final. All monies placed in escrow to date by the District representing the District's payment of the disputed increased amount to the City of Ripley shall be returned to the District within fifteen (15) days of the date that this order becomes final.

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

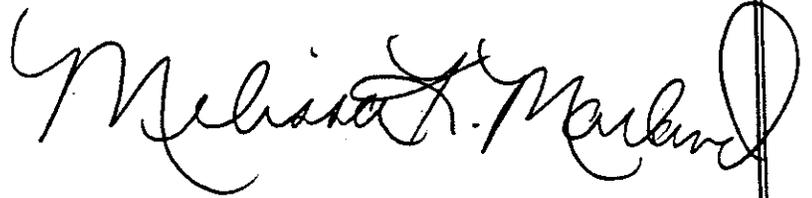
The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

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

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

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by

order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Melissa K. Marland
Chief Administrative Law Judge

MKM:mal

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

**\$380,000 Water Revenue Bonds
(West Virginia Infrastructure Fund),
Series 1998 A**

CERTIFICATE OF:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES
6. PUBLIC SERVICE COMMISSION ORDER; RATES
7. INCUMBENCY AND OFFICIAL NAME
8. LAND AND RIGHTS-OF-WAY
9. MEETINGS
10. INSURANCE
11. LOAN AGREEMENT
12. SPECIMEN BONDS
13. CONFLICTS OF INTEREST
14. COUNTERPARTS

We, the undersigned CHAIRPERSON and the undersigned SECRETARY of the Public Service Board of the Southern Jackson County Public Service District (herein called the "District"), and the undersigned ATTORNEYS for the District, hereby certify in connection with the single, fully registered Southern Jackson County Public Service District Water Revenue Bond (West Virginia Infrastructure Fund), Series 1998 A, numbered AR-1, dated the date hereof, in the principal amount of \$380,000 (herein called the "Bonds"), the Bonds bear no interest, as follows:

1. **TERMS:** All capitalized words and terms used in this Certificate and not otherwise defined shall have the same meaning as in the Bond Resolution duly adopted by the Public Service Board (the "Board") of the District on May 21, 1998 and a Supplemental Resolution adopted May 21, 1998 relating to the Bonds (collectively, the "Resolution"), and the Loan Agreement (the "Loan Agreement") entered into between the District and the West Virginia Water Development Authority (the "Authority"), dated May 22, 1998.

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting the issuance and delivery of the Bonds; nor questioning the proceedings and authority by which the Board of the District authorized the issuance and sale of the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment



thereof; nor questioning the existence of the District or the title of the members or officers of the District or of the Board thereof to their respective offices; nor questioning construction and acquisition of the improvements and extensions to the existing waterworks facilities of the District financed in part by the proceeds of the sale of the Bonds (herein called the "Project"), nor operation by the District of the Project (said existing facilities, the Project and any further extensions, additions, improvements or betterments thereto, herein collectively called the "System"), nor challenging the collection or use or pledge of the Net Revenues of the System.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for construction of the Project, operation of the System, and issuance of the Bonds have been duly and timely obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited by the District 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 District since the Council approved the Project. Further, there has been no adverse change in the status of any grant necessary to finance the acquisition and construction of the Project. The District is current on all payments on the Prior Bonds and is in compliance with all covenants with respect to said Prior Bonds, as hereinafter defined.

There are outstanding obligations of the District which will rank on a parity with the Series 1998 A Bonds as to liens, pledge and source of and security for payment, which obligations are designated and have the lien positions with respect to the Series 1998 A Bonds as follows:

<u>Designation</u>	<u>Lien Position</u>
Water Revenue Bonds, Series 1977, dated March 13, 1978, issued in the original aggregate principal amount of \$470,000;	First Lien Parity
Water System Revenue Bonds, Series 1991, dated March 18, 1991, issued in the original aggregate principal amount of \$143,500; and	First Lien Parity
Water Revenue Bonds, Series 1997, dated March 21, 1997, issued in the aggregate principal amount of \$500,000	First Lien Parity



The above-referenced outstanding bonds are hereinafter collectively called the "Prior Bonds."

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

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

6. PUBLIC SERVICE COMMISSION ORDER; RATES: The time for rehearing and appeal of the Final Order of February 11, 1998 and the time for rehearing of the Order of April 28, 1998 has expired prior to the date hereof. The Issuer, as the only party with the right to file a petition for appeal of the Orders of April 28, 1998 and May 18, 1998 will not be filing an appeal of either of said Orders. The Orders are in full force and effect.

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

<u>Name</u>	<u>Title</u>	<u>Date of Termination of Office</u>
James L. Stover	Chairperson	12/1/1999
Jim Hutchinson	Vice Chairman	12/1/2001
Bernard Boggess	Member	12/1/2003

Patricia Winter is the duly appointed Secretary-Treasurer for the District. Robert Fisher, Esquire, Ripley, West Virginia, is the duly appointed and acting Attorney for the District. Robert Rodecker, Esquire, Charleston, West Virginia, whose signature appears hereon is the duly appointed and acting Attorney regarding PSC matters for the District.

8. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the 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 District 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 District to pay for the same without jeopardizing the security of or payments on the Bonds.

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

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

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

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

13. CONFLICTS OF INTEREST: No officer or employee of the District has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the District and the sale of any land, materials, supplies or services to the District, or to any contractor supplying the District, relating to the Bonds, the authorizing document 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.



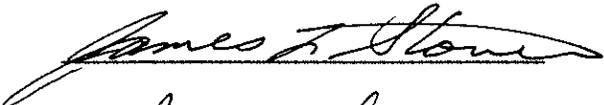
14. COUNTERPARTS: This Certificate may be executed in counterparts and such parts shall be deemed to be the Certificate.

[Remainder of Page Intentionally Left Blank]



WITNESS our signatures and the official corporate seal of the Southern Jackson County Public Service District as of the 22nd day of May, 1998.

[SEAL]

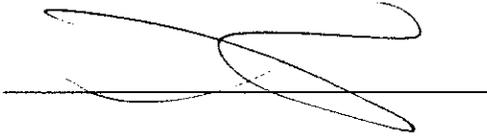
<u>Signature</u>	<u>Official Title</u>
	Chairperson
	Secretary
	PSC Attorney
	Attorney

CHASF83:112529



WITNESS our signatures and the official corporate seal of the Southern Jackson County Public Service District as of the 22nd day of May, 1998.

[SEAL]

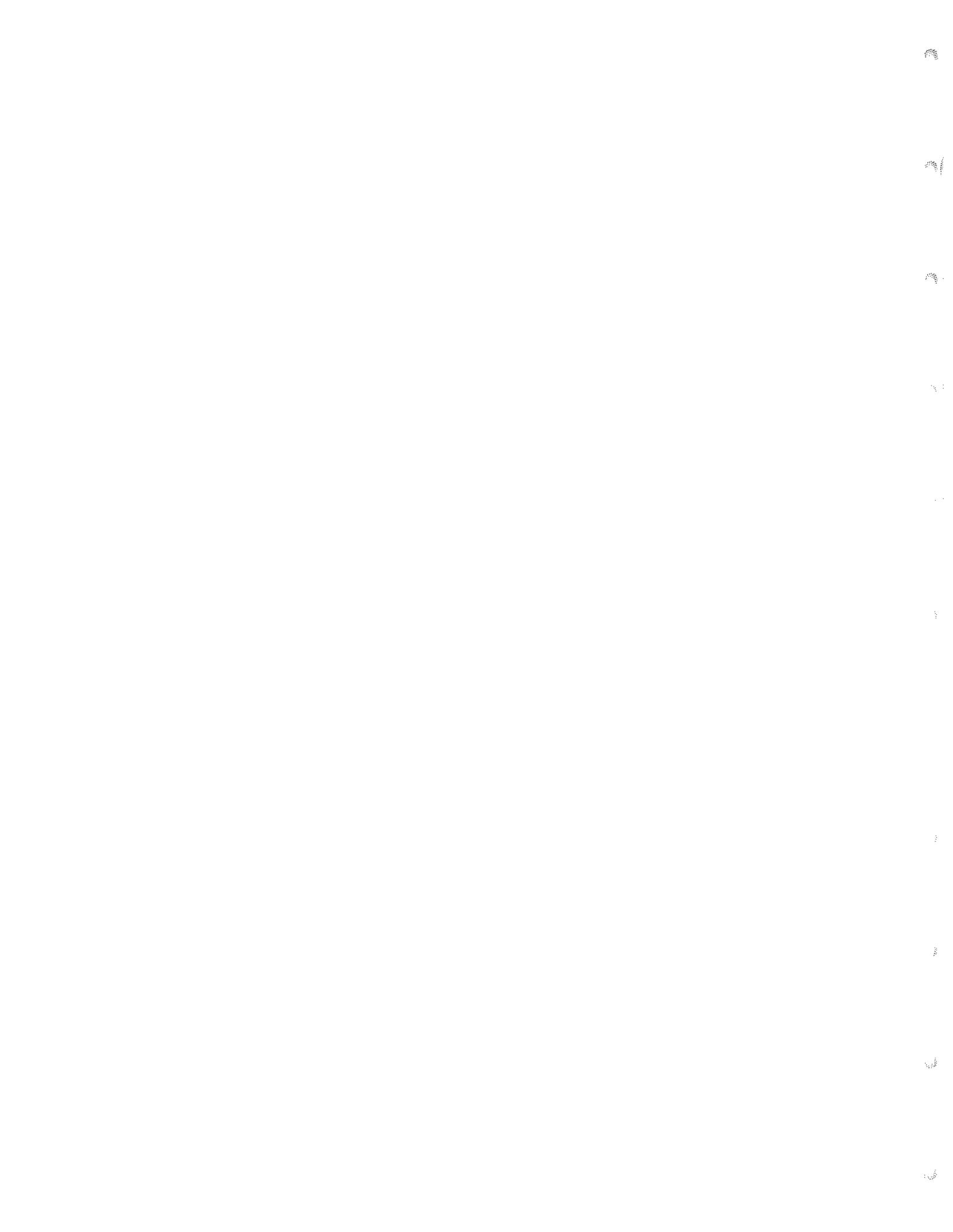
<u>Signature</u>	<u>Official Title</u>
_____	Chairperson
_____	Secretary
_____	PSC Attorney
	Attorney

CHASFS3:112529



EXHIBIT A
(SPECIMEN BOND)

CHASFS3:112529



NUMBER
AR-1



"SPECIMEN"

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND (WEST VIRGINIA INFRASTRUCTURE FUND),
SERIES 1998 A

No. AR-1

\$380,000

KNOW ALL MEN BY THESE PRESENTS: That SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Jackson County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of Three Hundred Eighty Thousand Dollars (\$380,000) or such lesser amount as is set forth on the Record of Advances, attached hereto as Exhibit A and incorporated herein by reference, in installments on the 1st day of September, the 1st day of December, the 1st day of March and the 1st day of June in each year beginning March 1, 1999, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference, bearing 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 between the Issuer and the Authority dated May 22, 1998.

This Bond is issued in the original principal amount of \$380,000 (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing water distribution system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on May 21, 1998, and is subject to all the terms and conditions thereof. The Resolution provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Resolution.

THIS BOND RANKS EQUALLY AS TO LIEN AND SECURITY WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 1977, DATED MARCH 13, 1978, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$470,000 AND THE WATER SYSTEM REVENUE BONDS, SERIES 1991, DATED MARCH 18, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$143,500 AND THE WATER REVENUE BONDS, SERIES 1997, DATED MARCH 21, 1997, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$500,000 (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 a parity with the lien of the Prior Bonds, moneys in the Reserve Account created under the Resolution for the Bonds (the "Series 1998 A Bonds Reserve Account") and unexpended proceeds of the Bonds (the "Bond Proceeds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside in a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1998 A Bonds Reserve Account and unexpended Bond Proceeds. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Series 1998 A Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with any of the Series 1998 A Bonds, including the Prior Bonds, provided however, that so long as the Series 1998 A Bonds Reserve Account is funded at an amount at least equal to the maximum amount of principal and interest which will come due on said Bonds in the then current or any succeeding year, and the reserve account for any other obligations outstanding prior to or on a parity with the Series 1998 A Bonds, including the Prior Bonds, is funded at an amount at least equal to the requirement

therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Resolution. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Resolution, only upon the books of the Bank of Ripley, National Association, Ripley, West Virginia (the "Registrar") by the Registered Owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its attorney duly authorized in writing.

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

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

On December 1, 1998, if the amount set forth on the Record of Advances is less than \$380,000, the Authority shall upon written instruction of the Council revise Exhibit B to reflect the lesser amount but amortized at the same interest rate and quarterly payment amount.

The loan will be in default should any proceeds of the loan funds obtained as a result of this parity 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 in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, 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 22, 1998.

[SEAL]

James F. Stover
Chairman - SPV

ATTEST:

Patricia L. Stover
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: May 22, 1998

Bank of Ripley, National Association,
as Registrar

By B. S. H. MEAN
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

Amount	Date	Amount	Date
(1) \$30,836.23	May 22, 1998	(7) \$	
(2) \$		(8) \$	
(3) \$		(9) \$	
(4) \$		(10) \$	
(5) \$		(11) \$	
(6) \$		(12) \$	

Total \$ _____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

3/1/98	-	-	-	-	-	-	-
6/1/98	-	-	-	6/1/07	34	2,420.38	2,420.38
9/1/98	-	-	-	9/1/07	35	2,420.38	2,420.38
12/1/98	-	-	-	12/1/07	36	2,420.38	2,420.38
3/1/99	1	2,420.38	-	3/1/08	37	2,420.38	2,420.38
6/1/99	2	2,420.38	-	6/1/08	38	2,420.38	2,420.38
9/1/99	3	2,420.38	-	9/1/08	39	2,420.38	2,420.38
12/1/99	4	2,420.38	-	12/1/08	40	2,420.38	2,420.38
3/1/00	5	2,420.38	-	3/1/09	41	2,420.38	2,420.38
6/1/00	6	2,420.38	-	6/1/09	42	2,420.38	2,420.38
9/1/00	7	2,420.38	-	9/1/09	43	2,420.38	2,420.38
12/1/00	8	2,420.38	-	12/1/09	44	2,420.38	2,420.38
3/1/01	9	2,420.38	-	3/1/10	45	2,420.38	2,420.38
6/1/01	10	2,420.38	-	6/1/10	46	2,420.38	2,420.38
9/1/01	11	2,420.38	-	9/1/10	47	2,420.38	2,420.38
12/1/01	12	2,420.38	-	12/1/10	48	2,420.38	2,420.38
3/1/02	13	2,420.38	-	3/1/11	49	2,420.38	2,420.38
6/1/02	14	2,420.38	-	6/1/11	50	2,420.38	2,420.38
9/1/02	15	2,420.38	-	9/1/11	51	2,420.38	2,420.38
12/1/02	16	2,420.38	-	12/1/11	52	2,420.38	2,420.38
3/1/03	17	2,420.38	-	3/1/12	53	2,420.38	2,420.38
6/1/03	18	2,420.38	-	6/1/12	54	2,420.38	2,420.38
9/1/03	19	2,420.38	-	9/1/12	55	2,420.38	2,420.38
12/1/03	20	2,420.38	-	12/1/12	56	2,420.38	2,420.38
3/1/04	21	2,420.38	-	3/1/13	57	2,420.38	2,420.38
6/1/04	22	2,420.38	-	6/1/13	58	2,420.38	2,420.38
9/1/04	23	2,420.38	-	9/1/13	59	2,420.38	2,420.38
12/1/04	24	2,420.38	-	12/1/13	60	2,420.38	2,420.38
3/1/05	25	2,420.38	-	3/1/14	61	2,420.38	2,420.38
6/1/05	26	2,420.38	-	6/1/14	62	2,420.38	2,420.38
9/1/05	27	2,420.38	-	9/1/14	63	2,420.38	2,420.38
12/1/05	28	2,420.38	-	12/1/14	64	2,420.38	2,420.38
3/1/06	29	2,420.38	-	3/1/15	65	2,420.38	2,420.38
6/1/06	30	2,420.38	-	6/1/15	66	2,420.38	2,420.38
9/1/06	31	2,420.38	-	9/1/15	67	2,420.38	2,420.38
12/1/06	32	2,420.38	-	12/1/15	68	2,420.38	2,420.38
3/1/07	33	2,420.38	-	3/1/16	69	2,420.38	2,420.38
				6/1/16	70	2,420.38	2,420.38
				9/1/16	71	2,420.38	2,420.38
				12/1/16	72	2,420.38	2,420.38
				3/1/17	73	2,420.38	2,420.38
				6/1/17	74	2,420.38	2,420.38
				9/1/17	75	2,420.38	2,420.38
				12/1/17	76	2,420.38	2,420.38
				3/1/18	77	2,420.38	2,420.38

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

6/1/18	78	2,420.38	-	2,420.38
9/1/18	79	2,420.38	-	2,420.38
12/1/18	80	2,420.38	-	2,420.38
3/1/19	81	2,420.38	-	2,420.38
6/1/19	82	2,420.38	-	2,420.38
9/1/19	83	2,420.38	-	2,420.38
12/1/19	84	2,420.38	-	2,420.38
3/1/20	85	2,420.38	-	2,420.38
6/1/20	86	2,420.38	-	2,420.38
9/1/20	87	2,420.38	-	2,420.38
12/1/20	88	2,420.38	-	2,420.38
3/1/21	89	2,420.38	-	2,420.38
6/1/21	90	2,420.38	-	2,420.38
9/1/21	91	2,420.38	-	2,420.38
12/1/21	92	2,420.38	-	2,420.38
3/1/22	93	2,420.38	-	2,420.38
6/1/22	94	2,420.38	-	2,420.38
9/1/22	95	2,420.38	-	2,420.38
12/1/22	96	2,420.38	-	2,420.38
3/1/23	97	2,420.38	-	2,420.38
6/1/23	98	2,420.38	-	2,420.38
9/1/23	99	2,420.38	-	2,420.38
12/1/23	100	2,420.38	-	2,420.38
3/1/24	101	2,420.38	-	2,420.38
6/1/24	102	2,420.38	-	2,420.38
9/1/24	103	2,420.38	-	2,420.38
12/1/24	104	2,420.38	-	2,420.38
3/1/25	105	2,420.38	-	2,420.38
6/1/25	106	2,420.38	-	2,420.38
9/1/25	107	2,420.38	-	2,420.38
12/1/25	108	2,420.38	-	2,420.38
3/1/26	109	2,420.38	-	2,420.38
6/1/26	110	2,420.38	-	2,420.38
9/1/26	111	2,420.38	-	2,420.38
12/1/26	112	2,420.38	-	2,420.38
3/1/27	113	2,420.38	-	2,420.38
6/1/27	114	2,420.38	-	2,420.38
9/1/27	115	2,420.38	-	2,420.38
12/1/27	116	2,420.38	-	2,420.38
3/1/28	117	2,420.38	-	2,420.38
6/1/28	118	2,420.38	-	2,420.38
9/1/28	119	2,420.38	-	2,420.38
12/1/28	120	2,420.38	-	2,420.38
3/1/29	121	2,420.38	-	2,420.38

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

6/1/29	122	2,420.38	-	2,420.38
9/1/29	123	2,420.38	-	2,420.38
12/1/29	124	2,420.38	-	2,420.38
3/1/30	125	2,420.38	-	2,420.38
6/1/30	126	2,420.38	-	2,420.38
9/1/30	127	2,420.38	-	2,420.38
12/1/30	128	2,420.38	-	2,420.38
3/1/31	129	2,420.38	-	2,420.38
6/1/31	130	2,420.38	-	2,420.38
9/1/31	131	2,420.38	-	2,420.38
12/1/31	132	2,420.38	-	2,420.38
3/1/32	133	2,420.38	-	2,420.38
6/1/32	134	2,420.38	-	2,420.38
9/1/32	135	2,420.38	-	2,420.38
12/1/32	136	2,420.38	-	2,420.38
3/1/33	137	2,420.38	-	2,420.38
6/1/33	138	2,420.38	-	2,420.38
9/1/33	139	2,420.38	-	2,420.38
12/1/33	140	2,420.38	-	2,420.38
3/1/34	141	2,420.38	-	2,420.38
6/1/34	142	2,420.38	-	2,420.38
9/1/34	143	2,420.38	-	2,420.38
12/1/34	144	2,420.38	-	2,420.38
3/1/35	145	2,420.38	-	2,420.38
6/1/35	146	2,420.38	-	2,420.38
9/1/35	147	2,420.38	-	2,420.38
12/1/35	148	2,420.38	-	2,420.38
3/1/36	149	2,420.38	-	2,420.38
6/1/36	150	2,420.38	-	2,420.38
9/1/36	151	2,420.38	-	2,420.38
12/1/36	152	2,420.38	-	2,420.38
3/1/37	153	2,420.38	-	2,420.38
6/1/37	154	2,420.38	-	2,420.38
9/1/37	155	2,420.38	-	2,420.38
12/1/37	156	2,420.38	-	2,420.38
3/1/38	157	2,420.72	-	2,420.72
		\$ 380,000.00	\$ -	\$ 380,000.00

(Form of)

ASSIGNMENT

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

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

Dated: _____, ____.

In the presence of:

CHASFS3:122402

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

\$380,000 Water Revenue Bonds
(West Virginia Infrastructure Fund),
Series 1998 A

CERTIFICATE OF THE ACTING SECRETARY AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

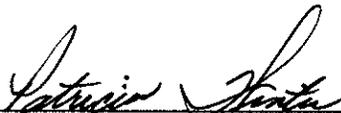
I, the undersigned, Patricia Winter, Secretary-Treasurer of the Public Service Board (the "Board") of Southern Jackson County Public Service District (the "District"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of \$380,000 Southern Jackson County Public Service District Water Revenue Bonds (West Virginia Infrastructure Fund), Series 1998 A (the "Bonds"), 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, that said documents have been duly adopted or entered by the Board, 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. Rules of Procedure.
2. Order of The County Commission of Jackson County (the "County Commission") creating the District.
3. Orders of the County Commission appointing current Board members.
4. Oaths of Office of Board members.
5. Loan Agreement dated May 22, 1998.
6. Minutes of 1998 organizational meeting of the Board.
7. Minutes of the May 21, 1998, meeting of the Board, wherein the Bond Resolution and the Supplemental Resolution with respect to the Bonds were adopted.
8. Bond Resolution.
9. Supplemental Resolution.

10. Copy of the Public Service Commission of West Virginia's Final Order dated February 11, 1998, granting the District a Certificate of Convenience and Necessity and Approving the Financing and the Supplemental Order dated April 23, 1998, Approving the Additional Funding and Final Order dated May 19, 1998.

11. West Virginia Infrastructure and Jobs Development Council Approval Letter.

WITNESS my signature and the official seal of the Southern Jackson County Public Service District as of the 22nd day of May, 1998.



Secretary-Treasurer, Public Service Board,
Southern Jackson County Public Service District

(SEAL)

CHASFS3:112541

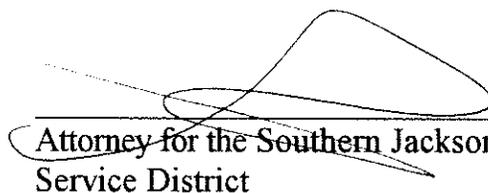
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
\$380,000 Water Revenue Bonds
(West Virginia Infrastructure Fund),
Series 1998 A

CERTIFICATE OF NO LITIGATION

NO LITIGATION: As of the date hereof, no controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the above-referenced Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Revenues, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Southern Jackson County Public Service District, taken with respect to the issuance or sale of the Bonds, the pledge or application of the Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System or such pledge or application of moneys and security or the collection of the Revenues or pledge thereof.

Capitalized terms used herein have the meaning set forth in the Bond Resolution of the Southern Jackson County Public Service District passed on May 21, 1998.

Given under my hand this the 22nd day of May, 1998.



Attorney for the Southern Jackson County Public
Service District

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
\$380,000 Water Revenue Bonds (West Virginia Infrastructure Fund),
Series 1998 A

CERTIFICATE OF CONSULTING ENGINEER

I, James B. Hildreth, Registered Professional Engineer, West Virginia License No. 7719, of Boyles and Hildreth, Consulting Engineers, Spencer, West Virginia, hereby certify that my firm is engineer for the construction and acquisition of the extensions, additions, betterments and improvements to the existing water distribution system (the "Project") of the Southern Jackson County Public Service District (the "Issuer") to be constructed primarily in Jackson County, West Virginia, which construction and acquisition are being financed by the above-captioned bonds of the Southern Jackson County Public Service District.

The Project is estimated to cost \$380,000 and is being funded by a loan from the Council in the aggregate principal amount of \$380,000.

The Bonds are being issued for the purpose of upgrading and extending the existing water distribution system (the "Project").

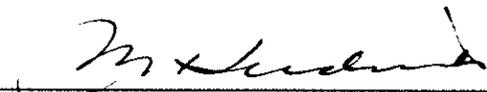
The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least forty years, (iii) the District has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy and completeness and the District will enter into the contracts with respect to said bids on or about May 22, 1998, (iv) the chosen bidder received any and all addenda to the original bid documents; (v) the bid documents reflect the Project as approved by the West Virginia Bureau for Public Health; (vi) the chosen bid includes every construction item necessary to complete the Project, or explains any deviation thereof; (vii) the uniform bid procedures were followed; (viii) the

District has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (ix) the rates and charges for the System as adopted by the Public Service Board of the District and approved by the Public Service Commission of West Virginia are sufficient to comply with the provisions of Subsection 4.1(b)(ii) of the Loan Agreement, (x) that the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application and (xi) attached hereto as Exhibit A is the final amended "Schedule B -Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this 22nd day of May, 1998.

BOYLES AND HILDRETH, CONSULTING
ENGINEERS

[SEAL]

By: 
West Virginia License No. 7719

CHASFS3:112755

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

Schedule B

Southern Jackson County Public Service District

Water System Upgrade Project 96W-254

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

A. Cost of Project	Total
1a. Construction (Based on Actual Bids):	288,635.00
1b. Utility Connection (AEP)	1,000.00
2. Technical Services:	46,325.00
3. Legal & Fiscal:	5,475.00
4. Administrative:	2,000.00
5. Sites and Other Lands:	3,500.00
6. Interim Financing Costs:	
7. Contingency:	26,565.00
8. Total of Lines 1 through 7:	373,500.00
B. Source of Funds	
9. Federal Grants:	
a.	
b.	
10. State Grants:	
a.	
b.	
11. Other Grants:	
12. Any Other Source ¹ :	
a.	
b.	
13. Infrastructure Fund Grant:	
14. Total of Lines 9 through 13:	-
15. Net Proceeds Required from Bond Issue: (Line 8 minus Line 14)	373,500.00
C. Cost of Financing	
16. Funded Reserve Account ² :	
17. Other Costs ³ :	
a. Bond Counsel	6,500.00
b.	
18. Total Cost of Financing: (Lines 16 and 17)	6,500.00
19. Size of Bond Issue: (Lines 15 plus Line 18)	380,000.00

James Z. Stover
GOVERNMENTAL AGENCY

Ch. Henderson
CONSULTING ENGINEER

5.21.98
DATE

5.21.98
DATE

¹ Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation
² Consult with bond counsel and the Council before assuming a funded reserve
³ For example, fees of accountants, bond counsel, and local counsel for the Governmental Agency



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

ACCOUNTANT'S CERTIFICATE RE: COVERAGE

May 22, 1998

Southern Jackson County Public Service District
Post Office Box 57
Kenna, West Virginia 25248

Re: \$380,000 Southern Jackson County Public Service District
Water Revenue Bonds (West Virginia Infrastructure Fund),
Series 1998-A

Ladies and Gentlemen:

Smith, Cochran & Hicks, Certified Public Accountants, has reviewed the water service rates of Southern Jackson County Public Service District (the "Issuer"), which were set by the Public Service Commission of West Virginia, historic customer usage and operation and maintenance expenses. Based on the foregoing, it is our opinion that the rates are adequate (i) to pay operation and maintenance expenses, and to meet debt service coverage requirements of the Bond Resolution and Supplemental Resolution adopted by the Issuer on May 21, 1998, and (ii) to leave a balance each fiscal year equal to the maximum amount required in any succeeding fiscal year for the payment of principal of and interest on the above-referenced Bonds and the Prior Bonds (as defined in the Bond Resolution) and to leave a balance each fiscal year equal to at least 115% of the average annual debt service on the Bonds and the Prior Bonds outstanding.

WITNESS my signature this 22nd day of May, 1998.

Smith Cochran & Hicks

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 22nd day of May, 1998, by and between SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, a public corporation organized and existing under the laws of, and a political subdivision of, the State of West Virginia (the "Governmental Agency"), and the BANK OF RIPLEY, NATIONAL ASSOCIATION (the "Registrar").

WHEREAS, the Governmental Agency has, contemporaneously with the execution hereof, issued and sold its \$380,000 Southern Jackson County Public Service District Water Revenue Bonds (West Virginia Infrastructure Fund), Series 1998 A, in the form of one bond numbered AR-1 (the "Bonds"), pursuant to a Bond Resolution and a Supplemental Resolution duly adopted May 21, 1998 (collectively the "Resolution");

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

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

WHEREAS, the Governmental Agency 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 Governmental Agency and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Governmental Agency advises it of and with generally accepted industry standards.

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

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

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

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the 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 Governmental Agency and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the 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 60 days' written notice sent by registered or certified mail to the other party, at the following respective address:

GOVERNMENTAL AGENCY:

Southern Jackson County Public Service District
Rt. 3, Box 248A
Ripley, WV 25271
ATTN: Chairman

REGISTRAR:

Bank of Ripley, National Association
108 N. Church Street
P.O. Box 640
Ripley, WV 25271

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

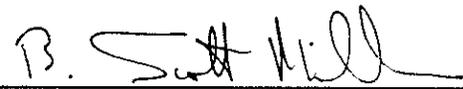
8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Resolution.

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

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

By: 
Chairperson, Public Service Board

BANK OF RIPLEY, NATIONAL ASSOCIATION

By: 
Its: Authorized Officer

CHASFS3:112582

EXHIBIT A

(See Tab Nos. 2.1 and 2.2)

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

\$380,000 Water Revenue Bonds
(West Virginia Infrastructure Fund),
Series 1998 A

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

The Bank of Ripley, National Association, a national banking association, with its principal office in Ripley, West Virginia, hereby accepts appointment as the Depository Bank in connection with a Bond Resolution duly adopted by Southern Jackson County Public Service District on May 21, 1998, and the Supplemental Resolution adopted May 21, 1998 (collectively, the "Resolution"), authorizing issuance of the Southern Jackson County Public Service District Water Revenue Bonds (West Virginia Infrastructure Fund), Series 1998 A, dated May 22, 1998, in the aggregate principal amount of \$380,000 (the "Bonds") and agrees to perform all duties of the Depository Bank in connection with such Bonds, all as set forth in said Resolution.

Witness my signature as of the 22nd day of May, 1998.

BANK OF RIPLEY, NATIONAL ASSOCIATION

By: B. Sutt Mill
Its: Authorized Officer

REQUEST AND AUTHORIZATION AS TO AUTHENTICATION
AND DELIVERY OF THE BONDS

May 22, 1998

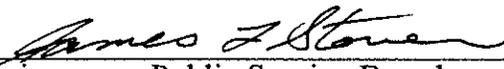
Bank of Ripley, National Association
108 N. Church Street
P.O. Box 640
Ripley, WV 25271

Ladies and Gentlemen:

We herewith hand to you, duly executed (a) \$380,000 Southern Jackson County Public Service District Water Revenue Bonds (West Virginia Infrastructure Fund), Series 1998 A, in the form of one bond numbered AR-1 (the "Bonds"), authorized to be issued under and pursuant to the Bond Resolution, duly adopted by the Public Service Board (the "Board") of Southern Jackson County Public Service District (the "District") on May 21, 1998, and a Supplemental Resolution adopted by the Board on May 21, 1998 (collectively, the "Resolution").

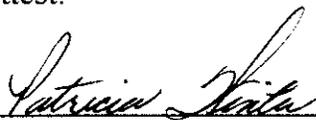
You are hereby requested and authorized to register, authenticate and deliver the Bonds on behalf of the District to the West Virginia Water Development Authority.

SOUTHERN JACKSON COUNTY PUBLIC
SERVICE DISTRICT

By: 
Chairperson, Public Service Board

(SEAL)

Attest:


Secretary-Treasurer, Public Service Board

CHASFS3:112589

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

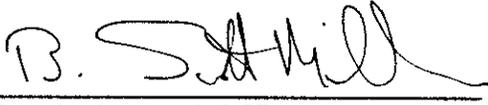
\$380,000 Water Revenue Bonds
(West Virginia Infrastructure Fund),
Series 1998 A

CERTIFICATE OF REGISTRATION OF BONDS

I, B. Scott Miller, Executive Vice President of the Bank of Ripley, National Association, Ripley, West Virginia, as Registrar (the "Registrar"), hereby certify that on the 22nd day of May, 1998, (a) the bonds of Southern Jackson County Public Service District in the principal amount of \$380,000 designated "Southern Jackson County Public Service District Water Revenue Bonds (West Virginia Infrastructure Fund), Series 1998 A" (the "Series 1998 A Bonds"), numbered AR-1, and dated as of the date hereof, were registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the District kept for that purpose at our office, by a duly authorized officer on behalf of the Bank of Ripley, National Association, as Registrar.

WITNESS my signature as of the 22nd day of May, 1998.

BANK OF RIPLEY, NATIONAL
ASSOCIATION, as Registrar

By: 

Its: Authorized Officer

BOND REGISTER

Bank of Ripley, National Association,
Ripley, WV, as Bond Registrar
for
Southern Jackson County Public Service District
Water Revenue Bonds, (West Virginia Infrastructure Fund),
Series 1998 A

Bondholder	Bond Number	Registration Amount	Date	Authorized Officer
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West Virginia Water
Development Authority
180 Association Drive
Charleston, WV 25311

AR-1

\$380,000

May 22, 1998

BSM

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

\$380,000 Water Revenue Bonds
(West Virginia Infrastructure Fund),
Series 1998 A

RECEIPT FOR BONDS

The undersigned, BARBARA B. MEADOWS, Secretary-Treasurer of the West Virginia Water Development Authority, for and on behalf of the West Virginia Water Development Authority (the "Authority") acting on behalf of the West Virginia Infrastructure and Jobs Development Council, hereby certifies as follows:

1. On the 22nd day of May, 1998, at 180 Association Drive, Charleston, West Virginia, the Authority received (a) the entire original issue of \$380,000 in aggregate principal amount of Southern Jackson County Public Service District Water Revenue Bonds (West Virginia Infrastructure Fund), Series 1998 A (the "Bonds"), said Bonds being dated the 22nd day of May, 1998; and issued in the form of one bond, fully registered to the Authority, and numbered AR-1.

2. At the time of receipt of such Bonds, they had been executed by James L. Stover, Chairperson of the Public Service Board of the District, by manual signature, and attested by Patricia Winter, Secretary-Treasurer of the Public Service Board of the District, by manual signature, and the official seal of said District had been impressed upon each Bond.

IN WITNESS WHEREOF, Barbara B. Meadows duly signed and delivered this receipt on behalf of the West Virginia Water Development Authority on the 22nd day of May, 1998.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: Barbara B Meadows
Secretary-Treasurer

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds
(West Virginia Infrastructure Fund),
Series 1998 A

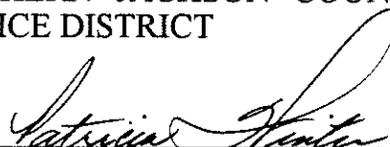
RECEIPT FOR BOND PROCEEDS

The undersigned, Patricia Winter, Secretary-Treasurer of the Public Service Board of the Southern Jackson County Public Service District (the "District"), hereby certifies as follows:

1. The District has received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as original purchaser of the Southern Jackson County Public Service District Water Revenue Bonds (West Virginia Infrastructure Fund), Series 1998 A, \$30,863.23, being more than a de minimus amount of the purchase price of said bonds, the remainder to be advanced from time to time up to \$380,000.

IN WITNESS WHEREOF, Southern Jackson County Public Service District has caused this receipt to be executed by the Secretary of its Public Service Board on this 22nd day of May, 1998.

SOUTHERN JACKSON COUNTY PUBLIC
SERVICE DISTRICT

By 
Secretary-Treasurer, Public Service Board



United States
Department of
Agriculture

Rural Development

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

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
\$380,000 Water Revenue Bonds
(West Virginia Infrastructure Fund)
Series 1998 A

CONSENT TO ISSUANCE OF PARITY BOND

United States of America, United States Department of Agriculture, Rural Utilities Service (the "Government"), as the registered owner of all the \$500,000 Water Revenue Bonds, Series 1997, issued pursuant to a resolution adopted February 27, 1997; the \$470,000 Water Revenue Bond, Series 1977, issued pursuant to a resolution adopted March 13, 1978, and the \$143,500 Water System Revenue Bond, Series 1991, issued pursuant to a resolution adopted March 18, 1991 (collectively, the "Prior Bonds"), hereby consents to the issuance by the Southern Jackson County Public Service District, Kenna, West Virginia (the "District"), of not more than \$380,000 in aggregate principal amount of parity water revenue bonds (the "1998 Bond") 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 1998 Bond may be payable from the revenues of the water system of the District and otherwise secured on a parity with the Prior Bonds. This consent is given pursuant to Sections 7.06, 4.04 and 5.04 of the Prior Bonds Resolutions, respectively, authorizing the Prior Bonds. The Government hereby waives the 120% coverage requirement.

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

WITNESS my signature this 23rd day of April, 1998.

UNITED STATES OF AMERICA
UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Development

By:

Robert D. Lewis
State Director



JACKSON & KELLY

ATTORNEYS AT LAW

1600 LAIDLEY TOWER

P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

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than 120 independent law firms*

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6000 HAMPTON CENTER
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TELEPHONE 304-599-3000

412 MARKET STREET
PARKERSBURG, WEST VIRGINIA 26101
TELEPHONE 304-424-3490

1000 TECHNOLOGY DRIVE
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-2000

May 22, 1998

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

Public Service Board
Southern Jackson County
Public Service District
P. O. Box 57
Kenna, West Virginia 25322

Re: Southern Jackson County Public Service District Water Revenue Bonds
(West Virginia Infrastructure Fund), Series 1998 A

Ladies and Gentlemen:

We are bond counsel to Southern Jackson County Public Service District (the "Governmental Agency"), a duly organized and presently existing public service district and public corporation under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated May 22, 1998, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), and (ii) the issue of the Southern Jackson County Public Service District Water Revenue Bonds (West Virginia Infrastructure Fund), Series 1998 A of the Governmental Agency, dated May 22, 1998 (the "Bonds") to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are in the principal amount of \$380,000, issued in the form of one bond registered as to principal to the Authority, with principal payable in installments on September 1, December 1, March 1 and June 1 of each year, beginning March 1, 1999, and

bearing no interest. The Bonds are on a parity as to security and source of payment with the Governmental Agency's Prior Bonds, as defined in the Resolution.

The Bonds are issued for the purposes of paying a portion of the costs of acquiring and constructing certain improvements and extensions to the existing public water distribution system for the Governmental Agency and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Local Statute"), under which the Bonds are issued, and the Loan Agreement that has been undertaken, including all schedules and exhibits to the Loan Agreement. The Bonds have been authorized by a bond resolution and a supplemental resolution (collectively, the "Resolution") duly passed by the Governmental Agency on May 21, 1998 (collectively the "Local Act"), pursuant to and under which Local Statute and Local Act the Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency enforceable in accordance with the respective terms thereof.
2. The Loan Agreement inures to the benefit of the Authority, acting on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and cannot be amended so as to affect adversely the rights of the Authority and Council or diminish the obligations of the Governmental Agency without the consent of the Authority and Council.
3. The Governmental Agency is a duly organized and presently existing public corporation with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Bonds, all under the Local Statute and other applicable provisions of law.
4. The Governmental Agency has legally and effectively adopted the Local Act and all other necessary resolutions and orders in connection with the issuance and sale of the Bonds. 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 Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the net revenues of the System referred to in the Local Act and are secured by a first lien on and pledge of the Net Revenues of said System on a parity as to security and source of payment with the Prior Bonds, as defined in the Resolution, all in accordance with the terms of the Bonds and the Local Act, and have been duly issued and delivered to the Authority. The Governmental Agency has met the coverage requirements for issuance of parity bonds under the Prior Resolutions based upon the certificate of the independent certified public accountant, and has substantially complied with all other parity requirements, except to the extent that noncompliance with any other parity requirements is not of a material nature.

6. The Governmental Agency has reserved the right to issue additional bonds ranking on a parity with the Bonds, as provided in the Local Act and pursuant to the Resolution and the Prior Resolutions.

7. The Bonds and the interest thereon are, by the Local Statute, exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

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

We have examined the executed Series 1998 A Bond numbered AR-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

A handwritten signature in cursive script that reads "Jackson & Kelly". The signature is written in dark ink and is positioned below the typed name.



Law Offices of
ADAMS, FISHER & EVANS

RONALD H. ADAMS (1929-1987)
ROBERT D. FISHER
THOMAS C. EVANS III

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Fax (304) 372-2175

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P.O. Box 915
Spencer, WV 25278
(304) 927-3636

May 22, 1998

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

Southern Jackson County Public Service District
P. O. Box 57
Kenna, West Virginia 25248

Jackson & Kelly
P. O. Box 553
Charleston, West Virginia 25322

Re: \$380,000 Southern Jackson County Public Service
District, Water Revenue Bonds
(West Virginia Infrastructure Fund),
Series 1998A

Ladies and Gentlemen:

I am Counsel to the Southern Jackson County Public Service District (the "Issuer"). As such counsel, I have examined a copy of the approving opinion of Jackson & Kelly, as bond counsel, relating to the above-captioned bonds, the Loan Agreement between the Issuer and the West Virginia Water Development Authority on behalf of the West Virginia Infrastructure and Jobs Development Council, dated May 22, 1998, the Bond Resolution adopted by the Board of the Issuer on May 21, 1998, as supplemented by Supplemental Resolution adopted May 21, 1998 (collectively, the "Resolution") and other documents relating to the above-captioned Bonds of the Issuer. Terms used and not otherwise defined in this opinion shall have the meanings assigned to such terms in the Resolution.

I am of the opinion that:

1. The members of the Board were duly and properly elected or appointed and are thereby authorized to act on behalf of the Issuer.

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

3. The Issuer has received all the necessary permits, licenses, approvals and authorizations that are required to construct the Project.

4. The rates enacted by the Board of the Issuer are in full force and effect.

5. The Issuer has the authority under the Act to adopt rates, and the revenues from said rates may be used to pay the debt service on the above-noted bonds, the Prior Bonds and the operation and maintenance cost of the system.

6. 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 council or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Resolution, the pledge of the net revenues or the validity of the Bonds.

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

Very truly yours,

Robert D. Fisher
Esquire

fha:no-lit7

LAW OFFICES

ROBERT R. RODECKER

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(304) 343-1657

May 22, 1998

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

Southern Jackson County Public
Service District
Post Office Box 57
Kenna, West Virginia 25248

Jackson & Kelly
Post Office Box 553
Charleston, West Virginia 25322

Re: \$380,000 Southern Jackson County Public
Service District Water Revenue Bonds, (West
Virginia Infrastructure Fund), Series 1998A

Ladies and Gentlemen:

I have served as special counsel to the Southern Jackson County Public Service District (the "Issuer") in regard to certain matters concerning the Public Service Commission of West Virginia (the "Commission"). I was active in obtaining the Commission's Orders for approval of the financing. Pursuant to the above-noted document, I am of the opinion as follows:

1. The Issuer has received from the Commission a Recommended Decision and Order dated February 11, 1998, in Case No. 97-0444-PWD-CN, as supplemented by an Order dated April 28, 1998, approving additional funding and a further Clarification Order dated May 18, 1998. The time for rehearing and appeal of the Final Order of February 11, 1998 and the time for rehearing of the Order of April 28, 1998 has expired prior to the date hereof. The Issuer, as the only party with the right to file a petition for appeal of the Orders of April 28, 1998 and May 18, 1998 will not be filing an appeal of either of said Orders. The Orders are in full force and effect.

Page 2
May 22, 1998

This opinion may be relied upon as if addressed to all
counsel.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert R. Rodecker".

Robert R. Rodecker

RRR/bg
sojackson\upgrade\bond.lt1

ADAMS, FISHER & EVANS

RONALD H. ADAMS (1929-1987)
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May 8, 1998

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Susan J. Riggs, Esquire
Executive Secretary
West Virginia Infrastructure and Jobs
Development Council
1320 One Valley Square
Charleston, WV 25301

Southern Jackson County Public Service District
P.O. Box 57
Kenna, WV 25241

Re: Route 21 Pumping Facilities
Water System Upgrade Project 96W - 254

Dear Ms. Riggs:

As attorney for the Southern Jackson County Public Service District, Jackson County, West Virginia (the "District"), we have examined the right of way maps prepared by Boyles and Hildreth setting forth the necessary easements, rights of way and booster site station necessary to the construction of certain improvements to the water line system of said District in order to maintain adequate customer service. These improvements consist of a new pumping station adjacent to Route 21 near Ripley, and water lines necessary to transfer water from the City of Ripley, to the South Hill storage tank located within the area the District has been charged with servicing.

We are of the opinion as follows:

1. The District is a duly created and presently existing public service district of the State of West Virginia with full power and authority to construct and acquire and to operate and maintain a water system and to issue and sell bonds, all under the provisions of Chapter 16, Article 13A (the "Act"), of the Code of West Virginia Code of 1931, as amended, and other applicable provisions of law.

Ms. Susan J. Riggs

Page 2

May 8, 1998

2. All authorizations, consents, approvals and reviews by governmental bodies or regulatory authorities have been obtained or affected, and we have no reason to believe that the District will be unable to obtain or affect any additional such authorizations, consents or approvals that may be required in the future or the performance of any of them by the District.

3. That in order to construct, operate and maintain said system the District has acquired rights of way and easements listed in Exhibit A.

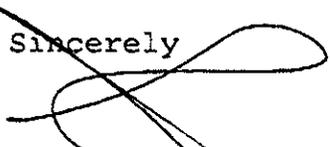
4. That the District has obtained from the West Virginia Department of Transportation, approval for the installation of the water lines over and through the public rights of way as shown in the plans and specifications.

5. That the District is endowed with the powers of condemnation through the applicable statutes of the State of West Virginia, and may therefore, acquire the booster site station which could not be acquired by negotiation and purchase, but is necessary to the construction of the water line as defined herein and pursuant to the plans and specifications from any private land owner and pursuant to such authority, the District will institute appropriate proceedings against the land owners, if necessary, for condemnation of said site.

6. That subject to all matters set out herein, and upon issuance of the bonds as provided in the bond resolution, the bond holder shall have a first statutory lien upon the District's properties described herein.

7. To our knowledge, there is no action, suit, proceeding or investigation at law or in equity by any court, public board or body, pending or threatened against or affecting the District or any member of the Board, and no facts exist relating to the composition of the Board or the exercise of their duties wherein an unfavorable decision, ruling or finding would have a material adverse effect upon the validity of the Bond or the Resolution.

Sincerely



Robert D. Fisher
Attorney at Law
Adams, Fisher & Evans

RDF/jc

ha:no-lit5

EXHIBIT A

Susan J. Riggs, Esquire
Executive Secretary
West Virginia Infrastructure and Jobs
Development Council
1320 One Valley Square
Charleston, WV 25301

Southern Jackson County Public Service District
P.O. Box 57
Kenna, WV 25241

Re: Route 21 Pumping Facilities
Water System Upgrade Project 96W - 254

1. That certain right of way agreement dated October 17, 1997, of record in the office of the Clerk of the County Commission of Jackson County, West Virginia, in Deed Book 336, page 715, from The Traders Bank to the Southern Jackson County Public Service District, for a 20 foot wide water line right of way and easement, a plat of the same being of record at page 717 and 718.

2. That certain right of way agreement dated October 16, 1997, of record in the office of the Clerk of the County Commission of Jackson County, West Virginia, in Deed Book 336, page 719, from Keith Alan Bibbee, to the Southern Jackson County Public Service District, for a 20 foot wide water line right of way and easement, a plat of the same being of record at page 721.

3. That certain lot, tract or parcel of real estate containing 0.094 acre which is the location of the booster station as conveyed by deed dated March 31, 1998, from Luella M. McPhail to Southern Jackson County Public Service District, said deed of record in the office of the Clerk of the County Commission of Jackson County, West Virginia, but not yet assigned a deed book and page.

agree:sjcpsd-ex

