

\$3,140,000
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND (WEST VIRGINIA DWTRF PROGRAM)
SERIES 2012

BOND RESOLUTION

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SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SERVICE PROPERTIES AND ISSUANCE OF A WATER REVENUE BOND (WEST VIRGINIA DWTRF PROGRAM), SERIES 2012, OF THE SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, IN THE AMOUNT OF NOT MORE THAN \$3,140,000, TO FINANCE THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS TO A PUBLIC WATER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PLACING LIMIT ON SALE OF SYSTEM; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDER OF THE BOND; AUTHORIZING THE DISTRICT TO ENTER INTO A LOAN AGREEMENT WITH THE PURCHASER OF THE BOND; PROVIDING STATUTORY LIEN ON REVENUES AND SYSTEM; PROVIDING FOR THE ADOPTION, RATIFICATION, APPROVAL AND COLLECTION OF RATES AND CHARGES FOR THE PUBLIC WATER SYSTEM; AND PROVIDING GENERAL TERMS AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, JACKSON COUNTY, WEST VIRGINIA:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code, as amended (collectively, the "Act") and other applicable provisions of law.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

A. Southern Jackson County Public Service District (the "PSD" or "Issuer") is a public service district created, expanded and contracted pursuant to the Act by orders issued by The County Commission of Jackson County, located in Jackson County, West Virginia.

B. The Issuer now has a public water system and desires to improve and expand that system. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, betterments, extensions and improvements to the existing public water system of the Issuer, including the construction and installation of all necessary appurtenant facilities (the "Project" , sometimes referred to herein as the "System") so as

to improve the public health, comfort and convenience of residents of the Public Service District. The Project generally consists of water line extensions, pumps, pumping stations, water plant improvements and necessary appurtenances particularly described in and according to the plans and specifications prepared by the Consulting Engineer for the Project and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The construction and acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. It is necessary for the Issuer to issue its revenue bond in the aggregate principal amount of not more than \$3,140,000 to finance the cost of such construction in the manner hereinafter provided.

D. The estimated maximum cost of the construction of the Project is \$3,140,000, which will be obtained from the proceeds of sale of the Series 2012 Bond herein authorized. The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or any interest therein; interest on the Bond prior to, during and for six (6) months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby.

E. The period of usefulness of the System after completion of the Project is not less than thirty (30) years.

F. There are currently outstanding the obligations of the Issuer with which the Bond, as hereinafter defined, will rank on parity as to lien and source of and security for payment as follows:

(i) Water Revenue Bonds, Series 1977, of the Issuer, dated March 13, 1978 (the "1977 Bond") issued in the original principal amount of \$470,000 secured under the terms of the 1977 Resolution (hereinafter defined);

(ii) Water System Revenue Bonds, Series 1991, of the Issuer, dated March 18, 1991 (the "1991 Bond") issued in the original principal amount of \$143,500 secured under the terms of the 1991 Resolution (hereinafter defined);

(iii) Water Revenue Bonds, Series 1997, of the Issuer, dated March 21, 1997 (the "1997 Bond") issued in the original principal amount of \$500,000 secured under the terms of the 1997 Resolution (hereinafter defined);

(iv) Water Revenue Bonds (West Virginia Infrastructure Fund), Series 1998 A of the Issuer, dated May 22, 1998 (the "1998 Bond") issued in the original principal amount of \$380,000 secured under the terms of the 1998 Resolution (hereinafter defined);

(v) Water Revenue Bond, Series 2001A of the Issuer, dated December 21, 2001 (the "2001A Bond") issued in the original principal amount of \$1,310,000 secured under the terms of the 2001 Resolution (hereinafter defined);

(vi) Water Revenue Bond, Series 2001B of the Issuer, dated December 21, 2001 (the "2001B Bond") issued in the original principal amount of \$60,000 secured under the terms of the 2001 Resolution; and

(vii) Water Revenue Bond, Series 2005 of the Issuer, dated September 21, 2005 (the "2005 Bond" and, together with the 1977 Bond, the 1991 Bond, the 1997 Bond, the 1998 Bond, the 2001A Bond and the 2001B Bond, collectively, the "Prior Bonds") issued in the original principal amount of \$1,137,000 secured under the terms of the 2005 Resolution

With the exception of the bonds described above, there are no other outstanding bonds or obligations of the Issuer, which will rank prior to or on parity with the Bond as to lien, pledge and/or source of and security for payment.

G. The Issuer is not in default under the terms of the 1977 Resolution, the 1991 Resolution, the 1997 Resolution, the 1998 Resolution, the 2001 Resolution and the 2005 Resolution or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid waiver thereof.

H. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Bond and the Prior Bonds (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

I. It is in the best interests of the Issuer that the Bond be sold to the West Virginia Water Development Authority, as administrator of the Drinking Water Treatment Revolving Fund (the "Purchaser"), pursuant to the terms and provisions of a commitment letter dated December 22, 2011 (the "Commitment Letter"), and the terms and provisions of a loan agreement by and between the Issuer and the Purchaser (the "Loan Agreement"), which Loan Agreement is in form satisfactory to both parties, is approved hereby if not previously approved by resolution of the Issuer.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, and the issuance of the Bond, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof, by the West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") and obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia (the "PSC") by final order, the time for rehearing and appeal of which expired prior to the issuance of the Bond.

K. The Project has been reviewed and determined to be technically and financially feasible by the Infrastructure Council as required under Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution (the “Resolution”) shall be deemed to be and shall constitute a contract between the Issuer and the Purchaser, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Bond.

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

“Act” means, collectively, Chapter 16, Article 13A and Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended and in effect on the date of enactment hereof.

“Administrative Fee” means the administrative fee required to be paid under the Loan Agreement for the Bond.

“Authority” means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Bond, or any other agency, board or department of the State that succeeds to the functions of the Authority, acting in its own capacity and in its administrative capacity and upon authorization from the BPH under the Act.

“2012 Bond”, “2012 Series Bond” or “Bond” means the \$3,140,000 Southern Jackson County Public Service District, Water Revenue Bond (West Virginia DWTRF Program), Series 2012, authorized by this resolution.

“Bonds” means the 1977 Bond, the 1991 Bond, the 1997 Bond, the 1998 Bond, the 2001A Bond, the 2001B Bond, the 2005 Bond, the 2012 Bond and any Parity Bonds.

“1977 Bond” means the outstanding Bond of the Issuer dated March 13, 1978, described in Section 1.02 F. (i) herein.

“1991 Bond” means the outstanding Bond of the Issuer dated March 18, 1991, described in Section 1.02 F. (ii) herein.

“1997 Bond” means the outstanding Bond of the Issuer dated March 21, 1997, described in Section 1.02 F. (iii) herein.

“1998 Bond” means the outstanding Bond of the Issuer dated May 22, 1998, described in Section 1.02 F. (iv) herein.

“2001A Bond” means the outstanding Bond of the Issuer dated December 21, 2001, described in Section 1.02 F. (v) herein.

“2001B Bond” means the outstanding Bond of the Issuer dated December 21, 2001, described in Section 1.02 F. (vi) herein.

“2005 Bond” means the outstanding Bond of the Issuer dated September 21, 2005, described in Section 1.02 F. (vii) herein.

“BPH” means the West Virginia Bureau for Public Health, a division of the West Virginia Department of Health and Human Resources, or any other agency, board or department of the State that succeeds the function of the BPH.

“Chairman” means the Chairman of the Governing Body.

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

“Commitment Letter” means the Commitment Letter of the West Virginia Department of Health and Human Services, Bureau for Public Health, Office of Environmental Health Services, dated December 22, 2011, and any other amendments thereto.

“Consulting Engineer” means Boyles & Hildreth, Spencer, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

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

“Depository Bank” means initially United Bank, Inc., Ripley, West Virginia, a bank or trust company, which is a member of FDIC and its successors and assigns or such other qualified bank or trust company designated now or hereafter by Issuer.

“Facilities” or “water facilities” means all the land and tangible properties of the System and also any tangible properties which may hereafter be added to the water system by addition, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

“FDIC” means the Federal Deposit Insurance Corporation.

“Fiscal Year” means each year beginning on July 1 and ending on the succeeding June 30.

“Governing Body” means the Public Service Board of the Issuer.

“Government Obligations” means direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America.

“Herein” means in this Resolution.

“Holder of the Bond” or any similar term means any person who shall be the registered owner of the Bond.

“Issuer” or “PSD” means Southern Jackson County Public Service District, Jackson County, West Virginia, and, where appropriate, also means the Governing Body.

“Net Revenues” means the balance of the gross revenues, as defined below, remaining after deduction only of Operating Expenses, as defined below.

“Operating Expenses” means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the Administrative Fee, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bonds and into the Reserve Fund have been made to the last monthly payment date prior to the date of such retention.

“Parity Bonds” means any additional parity bonds issued in the future pursuant to Section 6.07 of this Resolution.

“Paying Agent” means the Commission or other entity designated as such for the 2012 Bond in the Supplemental Resolution.

“Prior Bonds” means, collectively, the 1977 Bond, 1991 Bond, 1997 Bond, 1998 Bond, 2001A Bond, 2001B Bond and 2005 Bond.

“Prior Resolutions” means, collectively, the 1977 Resolution, 1991 Resolution, 1997 Resolution, 1998 Resolution, 2001 Resolution and 2005 Resolution.

“Project” shall have the meaning stated in Section 1.02 B. of this Resolution.

“Purchaser” means West Virginia Water Development Authority, as administrator of the Drinking Water Treatment Revolving Fund, and any successor thereof.

“Qualified Investments” means and include any of the following:

(a) Government Obligations;

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

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

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

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

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

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

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

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

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

"Resolution" means this Resolution and all resolutions supplemental hereto.

"1977 Resolution" means the resolution providing for the 1977 Bond, adopted March 13, 1978.

"1991 Resolution" means the resolution providing for the 1991 Bond, adopted March 18, 1991.

"1997 Resolution" means the resolution providing for the 1997 Bond, adopted February 27, 1997.

"1998 Resolution" means the resolution providing for the 1998 Bond, adopted May 21, 1998.

"2001 Resolution" means the resolution providing for the 2001A Bond and the 2001B Bond, adopted December 5, 2001.

"2005 Resolution" means the resolution providing for the 2005 Bond, adopted September 14, 2005.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting principles.

"Secretary" means the Secretary of the Governing Body.

"Series 2012 Construction Fund" means the 2012 Bond Construction Fund created by Section 5.01 of this Resolution.

"Series 2012 Bond Reserve Account" means the Series 2012 Bond Reserve Account created by Section 4.02 hereof.

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

“Series 2012 Bond Sinking Fund” means the Series 2012 Bond Sinking Fund created by Section 4.02 hereof.

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

“System” means the Project initially, and all existing water facilities owned by the Issuer and all Facilities and other property of every nature, real or personal, now or hereafter acquired and/or owned, held or used in connection with the System, including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a public water system; and shall also include any and all additions, extensions, improvements, replacements, properties or other facilities at any time acquired or constructed for said water system after completion of the Project.

“Tap Fees” means the fees, if any, paid by prospective customers of the system in order to connect thereto.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations; words importing the masculine, feminine or neuter genders shall include any other gender; and any requirement for execution, sealing and/or attestation of the Bond or any certificate or other document by the Chairman or Secretary shall mean that such Bond certificate or other document may be executed, sealed and/or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of \$3,140,000 in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bond hereby authorized shall be applied as provided in Article V hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUANCE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer to be known as “Southern Jackson County Public Service District, Water Revenue Bond, Series 2012” in the principal amount of \$3,140,000, is hereby authorized to be

issued for the purpose of financing a portion of the cost of the construction and acquisition of the Project and paying the costs of issuance of the Bond.

Section 3.02. Description of Bond. The Bond shall be issued as a single registered bond, No. R-1, and shall be dated on the date of delivery. The Bond shall bear no interest, but shall be subject to a one percent administration fee payable monthly over a thirty (30) year term.

The Bond shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer and shall be payable as provided in the Bond form hereinafter set forth.

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

Section 3.04. Negotiability, Registration, Transfer and Exchange of Bond. The Bond shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, but the Bond may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.05 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar. No interest in the Bond shall be transferable except by means of transfer of registration of a Bond representing such interest and delivery of a new Bond or Bonds in exchange therefor in accordance with this Bond Resolution.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on that Bond.

Section 3.05. Registrar. The Registrar for the 2012 Bond shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No such Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit

under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.08 hereof, shall have been manually executed by the 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 such Bonds shall be deemed to have been executed by the Registrar if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of such Bonds issued hereunder.

Section 3.06. Bond Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his, her or its ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a parity lien with the 1977 Bond, the 1991 Bond, the 1997 Bond, the 1998 Bond, the 2001 Bonds and the 2005 Bond on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond and the Prior Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or any supplemental resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

\$3,140,000

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND (WEST VIRGINIA DWTRF PROGRAM)
SERIES 2012

No. R-1

Date: _____, 2012

FOR VALUE RECEIVED, the SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, a public service district created, expanded and contracted pursuant to the Act by orders issued by The County Commission of Jackson County, in Jackson County, West Virginia (herein called "Issuer"), hereby promises to pay to the order of the West Virginia Water Development Authority, as administrator of the Drinking Water Treatment Revolving Fund (the "Authority") or registered assigns, at 180 Association Drive, Charleston, West Virginia 25311, or at such other place as the Authority may hereafter designate in writing, the principal sum of Three Million One Hundred Forty Thousand and 00/100 Dollars (\$3,140,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the Record of Advances attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 201_, as set forth on the Debt Service Schedule attached as EXHIBIT B hereto and incorporated herein by reference. The Administration Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 201_, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated _____, 2012.

Any amount advanced or expended by the Authority for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Authority shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Issuer to the Authority without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Authority.

Issuer hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond and the Prior Bonds, as hereinafter defined, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction of improvements to a water system (the "System") of the Issuer, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of United Bank, Inc., as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Bond Legislation, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code (collectively, the "Act").

THIS BOND IS ON PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE WATER REVENUE BONDS, SERIES 1977, WATER SYSTEM REVENUE BONDS, SERIES 1991, WATER REVENUE BONDS, SERIES 1997, WATER REVENUE BONDS (WEST VIRGINIA INFRASTRUCTURE FUND), SERIES 1998, WATER REVENUE BOND, SERIES 2001A, WATER REVENUE BOND, SERIES 2001B, AND WATER REVENUE BOND (WEST VIRGINIA DWTRF PROGRAM), SERIES 2005 (COLLECTIVELY, THE "PRIOR BONDS") OF THE ISSUER DESCRIBED IN THE RESOLUTIONS ISSUED WITH RESPECT TO EACH SERIES.

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 System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Parity Bonds, and from moneys in the reserve account created under the Resolution for this Bond (the "Series 2012 Bond Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an

indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2012 Bond Reserve Account and unexpended proceeds of this Bond. Pursuant to the 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 of principal of and interest, if any, on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Parity Bonds; provided however, that so long as there exists in the Series 2012 Bond Reserve Account, an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Parity Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner (as defined in the Resolution) of this Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

The initial address of Authority for purposes of bond registration is 180 Association Drive, Charleston, WV 25311.

IN WITNESS WHEREOF, the SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

(SEAL)

By: _____

Chairman
P.O. Box 57
Kenna, WV 25248-0057

ATTEST:

By: _____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2011 Bond described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2012.

United Bank, Inc., as Registrar

By: _____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$	__/__/12	(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
		TOTAL	\$ _____

(Form of Assignment)

ASSIGNMENT

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

DATED: _____.

In the presence of:

EXHIBIT B

DEBT SERVICE SCHEDULE

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND (WEST VIRGINIA DWTRF PROGRAM)
SERIES 2012

<u>Bond Number</u>	<u>Principal Amount</u>	<u>Date of Bond</u>
No. R-1	\$3,140,000	_____, 2012

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

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

Signature of Registrar:

United Bank, Inc.

By: _____
Its: _____

Section 3.09. Sale of Bond; Approval and Ratification of Execution of Loan Agreement. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated into this Bond Legislation. The Bond shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.10. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the BPH, the respective schedules, the forms of which will be provided by the Authority and the BPH, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created or continued and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund or System Revenue Fund;
- (2) Operation and Maintenance Fund;
- (3) Renewal and Replacement Fund; and
- (4) Construction Fund.

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

- (1) Series 2012 Bond Sinking Fund; and
- (2) Series 2012 Bond Reserve Account.

Section 4.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in and this Bond Legislation. All moneys in the Revenue Fund shall be disposed of only in the following manner and order of priority:

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

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

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

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously, (i) make the reserve account payments into the Reserve Accounts for the Prior Bonds in the amounts required by the Prior Resolutions; and (ii) commencing 3 months prior to the first date of payment of principal of the Bond, if not fully funded upon issuance of the Bond, remit to the Commission for deposit in the Series 2012 Bond Reserve Account, an amount equal to 1/120th of the Series 2012 Bond Reserve Requirement; provided that, no further payments shall be made into the Series 2012 Bond Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2012 Bond Reserve Requirement.

(5) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund the amount required by the Prior Resolutions, provided that, so long as the Bond is outstanding, payments to the Renewal and Replacement Fund shall equal 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2012 Bond Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Bond as the same shall become due. Moneys in the Series 2012 Bond Reserve Account shall be used only for the purposes of paying principal of

and interest, if any, on the Bond as the same shall come due, when other moneys in the Series 2012 Bond Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2012 Bond Sinking Fund and the Series 2012 Bond Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Construction Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2012 Bond Reserve Account which result in a reduction in the balance therein to below the Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the order set forth above.

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

The Issuer shall not be required to make any further payments into the Series 2012 Bond Sinking Fund or the Series 2012 Bond Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Bond issued pursuant to this Bond Legislation then Outstanding.

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

The Commission is hereby designated as the fiscal agent for the administration of the Series 2012 Bond Sinking Fund and the Series 2012 Bond Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

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

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

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System.

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

D. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calendar month.

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

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

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

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

ARTICLE V

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

A. From the proceeds of the Bond, there shall be deposited with the Commission in the Series 2012 Bond Reserve Account the sum, if any, required hereunder for funding the Series 2012 Bond Reserve Account.

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

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

Section 5.02. Disbursements From the Construction Fund. On or before the Closing Date, the Issuer shall have delivered to the BPH a report listing the specific purposes for which the proceeds of the Bond will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 5.01 hereof, disbursements of the proceeds of the Bond from the Construction Fund shall be made only after submission to and approval from the BPH of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement for the Bond, in compliance with the Issuer's construction schedule, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

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

ARTICLE VI

GENERAL COVENANTS

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

Section 6.02. Bond not to be Indebtedness of the Issuer. The Bond shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Registered Owner of the Bond shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bond.

Section 6.03. Bond Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Bond shall be secured equally and ratably with each other by a first lien on the Gross Revenues derived from the System on a parity with the lien on the Gross Revenues in favor of the Registered Owners of the Prior Bonds. The Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on the Bond and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 6.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law, has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal, and has provided an opinion of counsel to the Issuer to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement, and the Issuer shall provide a certificate of an Independent Certified Public Accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer duly enacted on _____, 20__.

So long as the Bond is outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees

and charges initially established for the System in connection with the Bond shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 6.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, except as provided in the Prior Resolutions. So long as the Bond is outstanding and except as otherwise required by law or with the written consent of the Authority and the BPH, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay the Bond then Outstanding, in accordance with Article IX hereof; provided that, any sale or disposition of the properties of the System in excess of \$100,000 shall require the written consent of the Authority. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bond, immediately be remitted to the Commission for deposit in the Sinking Fund, and, with the written permission of the Authority and the BPH, or in the event the Authority is no longer a Registered Owner, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of the Bond. Any balance remaining after the payment of the Bond shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine, upon consultation with a professional 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 in accordance with the laws of the State. The proceeds of any such sale shall be remitted by the Issuer to the Commission for deposit in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such funds by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received

during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding, without the prior approval and consent in writing of the Registered Owners, or their duly authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Registered Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 6.06 and Section 6.07 hereof, 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 Bond. All obligations issued by the Issuer after the issuance of the Bond and payable from the revenues of the System, except such additional parity bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Bond; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

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

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

Section 6.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Bond pursuant to this Bond Legislation, without the prior written consent of the Authority and the BPH and without complying with the conditions and requirements herein provided.

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

No such Parity Bonds shall be issued, except for the purposes of financing the costs of the design, acquisition or construction of additions, extensions, improvements or betterments to the System or refunding any Bonds outstanding, or both such purposes.

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

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

The foregoing limitation may be waived or modified by the written consent of the Registered Owners of the Prior Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Prior Bonds held by the United States Department of Agriculture are no longer outstanding, the following parity requirement shall be met:

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall be not less than 115% of the largest aggregate amount that will mature and become due in any succeeding year for principal of and interest on the following:

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

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

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

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

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

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

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

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

The Issuer shall file with the Authority and the BPH, or any Registered Owner of the Bond, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by the Independent Certified Public Accountant (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountant, or a summary thereof, to any Registered Owner of the Bond and shall submit said report to the Authority and the BPH, or any Registered Owner of the Bond. Such audit report submitted to the Authority and the BPH shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Gross Revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

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

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

Section 6.09. Rates. Prior to the issuance of the Bond, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of the Bond and all other obligations secured by a lien on or payable from such revenues on a parity with the Bond, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirement are on deposit in the Series 2012 Bond Reserve Account and the Reserve Accounts for obligations on a parity with the Bond, including the Prior Bonds, are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any Fiscal Year for payment of principal of the Bond and all other obligations secured by a lien on or payable from such revenues on a parity with the Bond, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 6.04.

Section 6.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the BPH within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a

professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall within 30 days of adoption thereof mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the BPH and any Registered Owner of the Bond and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority, the BPH and any Registered Owner of the Bond or anyone acting for and on behalf of such Registered Owner.

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

Section 6.11. Engineering Services and Operating Personnel. The Issuer shall obtain a certificate of the Consulting Engineers 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 as submitted to the Authority and the BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the BPH is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and State laws for construction of the Project have been obtained.

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the DWTRF Regulations, to the Issuer within 60 days of the completion of the Project. The Issuer shall notify the Authority and the BPH in writing of such receipt.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the DWTRF Regulations, to the Issuer when the Project is 90% completed. The Issuer shall, at all times, provide operation and maintenance of the System in compliance with all State and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the Authority and the BPH in writing of the certified operator employed at the 50% completion stage.

Section 6.12. 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 6.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the PSC and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the 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 of the System until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 6.14. 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 either shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer, and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Bond remains Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing directly with the Issuer and such payment bonds will be filed with the Clerk of the County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Section 38-2-39.

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

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

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

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

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

Section 6.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the PSC, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 6.17. Completion of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and State requirements and standards.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the PSC and the Infrastructure Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Bond required by State law, with all requisite appeal periods having expired without successful appeal.

Section 6.18. Compliance with Loan Agreements and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the BPH with copies of all documents submitted to the Authority.

The Issuer shall also comply with all applicable laws, rules and regulations issued by the Authority, the BPH or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

The Issuer shall serve the amount of additional customers and location as required by the Loan Agreement. The Issuer shall not reduce the amount of customers served by the Project without the prior written consent of the Board of the Authority.

Section 6.19. Statutory Mortgage Lien. For the further protection of the Registered Owner of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Bond and shall be on a parity with the statutory mortgage lien in favor of the Registered Owners of the Prior Bonds.

Section 6.20. [Reserved]

Section 6.21. Contracts; Public Releases.

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

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

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

ARTICLE VII

RATES, RULES, COVENANTS, ETC.

Section 7.01. Initial Schedule of Rates and Charges.

A. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in an Order of the Public Service Commission dated _____, 2012, in Case Number 12-0060-PWD-CN, which order is incorporated herein by reference and is made a part hereof.

B. The Issuer hereby confirms the rates and charges as set out in the above-referenced order and included on a tariff sheet filed with the Public Service Commission, which rates and conditions are as follows:

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY OF SERVICE

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

RATES

Service Charge (based on meter size):

5/8 inch meter	\$ ____ per month
3/4 inch meter	\$ ____ per month
1 inch meter	\$ ____ per month
1 1/2 inch meter	\$ ____ per month

2 inch meter	\$ __. __ per month
3 inch meter	\$ __. __ per month
4 inch meter	\$ __. __ per month
6 inch meter	\$ __. __ per month

Usage Charge:

\$ __. __ per 1,000 gallons of water use per month

MINIMUM BILL

No minimum bill will be rendered for less than the appropriate service charge.

DELAYED PAYMENT PENALTY

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

TAP FEE

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

RECONNECTION CHARGE OF \$20.00

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

LEAK ADJUSTMENT

\$ __. __ per 1,000 is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the utility up to a maximum of \$25.00, will be imposed upon any customer whose check for payment of charges is returned by the bank due to insufficient funds.

WATER SCHEDULE NO. 2

APPLICABILITY

Applicable within entire territory served.

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 \$ __. __ per month

3 inch	Service Line with hydrants, sprinklers and/or hose connections	\$___.__ per month
4 inch	Service Line with hydrants, sprinklers and/or hose connections	\$___.__ per month
6 inch	Service Line with hydrants, sprinklers and/or hose connections	\$___.__ per month
8 inch	Service Line with hydrants, sprinklers and/or hose connections	\$___.__ per month
10 inch	Service Line with hydrants, sprinklers and/or hose connections	\$___.__ per month
12 inch	Service Line with hydrants, sprinklers and/or hose connections	\$___.__ per month

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

Each Fire Hydrant	\$100.00 per month
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These terms are payable monthly in advance.

Section 7.02. Further Covenants

The Issuer hereby further covenants and agrees as follows:

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

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

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

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

E. The Issuer will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Issuer or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other Revenues of the System.

ARTICLE VIII

INVESTMENTS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as the Bond is Outstanding and as long thereafter as necessary to comply with the Code.

Section 8.02. Certificate as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Bond as a condition to issuance of such Bonds.

The Issuer shall annually furnish to the Authority bank statements and all investment information for the funds and accounts related to the proceeds of the Bond and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an “Event of Default” with respect to the Bond:

(1) If default occurs in the due and punctual payment of the principal of the Bond; or

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

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

(4) If default occurs with respect to the Prior Bonds or the Prior Resolutions.

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

Section 9.03. Appointment of Receiver. Any Registered Owner of the Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default, any Registered Owner

shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

ARTICLE X

PAYMENT OF BOND

Section 10.01. Payment of Bond. The Bond may be prepaid or redeemed prior to their stated dates of maturity only with the written consent of the Authority and upon payment of the outstanding principal due on the 2012 Bond and upon the terms and conditions set forth in the Loan Agreement. If the Issuer shall pay or there shall otherwise be paid to the Registered Owner of the Bond, the principal of and redemption premium, at the times and in the manner stipulated therein and in the Loan Agreement and this Bond Legislation, then the pledge of Gross Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Payment of Bond; Bond Not Subject to Defeasance. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Resolution, then with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Resolution and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through direct payment to the Holder of the Bond of the outstanding principal of and accrued interest on the Bond, the Issuer may not defease the Bond or otherwise provide for payment thereof by escrow or like manner.

Section 11.02. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the Issuer shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such Financing Statements in the office of the Secretary of State of West Virginia.

Section 11.03. Delivery of Bond. The Chairman and Secretary of the Governing Body are hereby authorized and directed to cause the Series 2012 Bond, numbered R-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 11.04. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bonds.

Section 11.05. Conflicting Provisions Repealed. The Prior Resolutions and all parts thereof not expressly hereby changed shall continue in full force and effect, and this Bond Resolution shall be supplemental to the Prior Resolutions.

Section 11.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 11.07. Modification or Amendment. The Bond Resolution may not be modified or amended in any material manner after final passage without the prior written consent of the Purchaser and/or holder of the Bond.

Section 11.08. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.09. Supplemental Resolutions. The Issuer may pass such supplemental resolutions, if necessary, to effectuate the purposes and intent of this Resolution.

Section 11.10. Effective Time. This Resolution shall take effect immediately upon its adoption.

Section 11.11 Statutory Notice of Meeting and Bond Issue. An abstract of this Bond Resolution, determined by the Governing Body to contain sufficient information as to give notice of the contents hereof, has been published once in a qualified newspaper published and of general circulation in the Southern Jackson County Public Service District, together with a notice stating that this Bond Resolution will be considered, that the Issuer contemplates the issuance of the Bond, that any person interested may appear before the Public Service Board upon a date certain, not less than ten (10) days subsequent to the date of publication of such abstract of this Bond Resolution and notice, and present protests, and that a certified copy of the Resolution is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such meeting, all objections and suggestions were heard, and the Governing Body took such action, as it shall deem proper in the premises.

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

[SEAL]

By: James L. Stover
Chairman

Attest:

By: Brenda Hunt Winters
Secretary

CERTIFICATION

I, Brenda Hurt-Winter, Secretary of the Southern Jackson County Public Service District, hereby certify that the foregoing is a true and correct copy of a Resolution approved at a meeting of the Public Service Board of the Southern Jackson County Public Service District held on August 9, 2012. I further hereby certify that the action of said Public Service Board set forth therein remains in full force and effect and has not been amended or repealed.

WITNESS my signature on this 9th day of August, 2012.

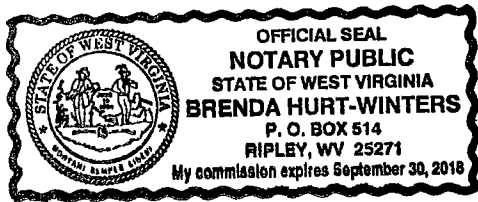

Secretary

STATE OF WEST VIRGINIA,

COUNTY OF JACKSON, to-wit:

The foregoing instrument was acknowledged before me this 9th day of August, 2012, by James L. Stover, the Chairman of the Southern Jackson County Public Service District, a public service district created and expanded pursuant to the Act by orders issued by The County Commission of Jackson County, on behalf of said public service district.

My commission expires September 30, 2018.



Brenda Hurt-Winters
NOTARY PUBLIC

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND (WEST VIRGINIA DWTRF PROGRAM)
SERIES 2013

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATES, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, WATER REVENUE BOND (WEST VIRGINIA DWTRF PROGRAM), SERIES 2013; AUTHORIZING AND APPROVING THE LOAN AGREEMENT RELATING TO SUCH BOND AND THE SALE AND DELIVERY OF SUCH BOND TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BOND.

WHEREAS, the Public Service Board (the “Governing Body”) of the Southern Jackson County Public Service District (the “Issuer”) has duly and officially adopted a Bond Resolution on August 9, 2013 (the “Bond Resolution”), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SERVICE PROPERTIES AND ISSUANCE OF A WATER REVENUE BOND (WEST VIRGINIA DWTRF PROGRAM), SERIES 2012, OF THE SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, IN THE AMOUNT OF NOT MORE THAN \$3,140,000, TO FINANCE THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS TO A PUBLIC WATER SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PLACING LIMIT ON SALE OF SYSTEM; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDER OF THE BOND; AUTHORIZING THE DISTRICT TO ENTER INTO A LOAN AGREEMENT WITH THE PURCHASER OF THE BOND; PROVIDING STATUTORY LIEN ON REVENUES AND SYSTEM; PROVIDING FOR THE ADOPTION, RATIFICATION, APPROVAL AND COLLECTION OF RATES AND CHARGES FOR THE PUBLIC WATER SYSTEM; AND PROVIDING GENERAL TERMS AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

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

WHEREAS, the Resolution provides for the issuance of the Water Revenue Bond (West Virginia DWTRF Program), Series 2012, in the aggregate principal amount of not to exceed \$3,140,000;

WHEREAS, the Water Revenue Bond (West Virginia DWTRF Program), Series 2012, was not issued in 2012, but will be issued in 2013;

WHEREAS, the Governing Body desires to redesignate the Water Revenue Bond (West Virginia DWTRF Program), Series 2012, as the Water Revenue Bond (West Virginia DWTRF Program), Series 2013 (the "Bond");

WHEREAS, the Bond Resolution provides for the issuance of the Bond, and has authorized the execution and delivery of a loan agreement relating to the Bond, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH"), (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A and Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the exact principal amount, dates, maturity date, interest rate, payment schedule, sale price and other terms of the Bond should be established by a supplemental resolution, and that other matters relating to the Bond be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, dates, maturity date, interest rate, payment schedule, sale price and other terms of the Bond be fixed hereby in the manner stated herein, and that other matters relating to the Bond be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, WEST VIRGINIA, AS FOLLOWS:

Section 1. It is hereby found and determined that:

(A) The Notice of Public Hearing and Abstract of Bond Resolution (the "Notice") was duly published in *The Jackson Herald*, a qualified newspaper of general circulation in the Issuer, with the publication thereof being not less than 10 days before the day set by the Bond Resolution and the Notice for the public hearing at which interested persons may appear before the Governing Body and present protests and suggestions, and a copy of the Affidavit of Publication reflecting such publication is incorporated herein by reference;

(B) In accordance with the Bond Resolution and the Notice, the Secretary has maintained in her office a certified copy of the Bond Resolution for review by interested persons during the regular office hours of such office;

(C) At the Issuer's office in Kenna, West Virginia, on August 9, 2012, at 7:00 p.m., prevailing time, in accordance with the Bond Resolution and the Notice, the Governing Body met for the purpose of hearing protests and suggestions regarding whether the Bond Resolution should be put into effect and heard all protests and suggestions with regard thereto;

(D) At the public hearing, no significant reasons were presented that would require modification or amendment of the Bond Resolution; and

(E) The Bond Resolution was adopted and the Bond contemplated thereby shall be issued, all as provided in the Bond Resolution and this Supplemental Resolution.

Section 2. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bond of the Issuer:

Water Revenue Bond (West Virginia DWTRF Program), Series 2013, of the Issuer, originally represented by a single Bond, numbered R-1, in the original principal amount of \$3,140,000. The Series 2013 Bond shall be dated the date of delivery, shall finally mature September 1, 2044, and shall bear no interest. The Series 2013 Bond shall be subject to an administration fee of 1% of the principal amount of the Series 2013 Bond, payable quarterly on March 1, June 1, September 1 and December 1 of each year commencing September 1, 2014, as set forth in the Schedule Y attached to the Loan Agreement. The principal of the Series 2013 Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2014, in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2013 Bond. The Series 2013 Bond shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the Registered Owner of the Series 2013 Bond.

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

Section 4. The Issuer hereby ratifies, approves and accepts the Loan Agreement, including all schedules and exhibits attached thereto, copies of which are incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Authority and the BPH. The price of the Bond shall be 100% of par value, there being no interest accrued thereon.

Section 5. The Issuer hereby appoints and designates United Bank, Inc., Charleston, West Virginia, to serve as Registrar (the “Registrar”) for the Bond under the Bond Resolution and approves and accepts the Registrar’s Agreement to be dated the date of delivery of the Bond, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar’s Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 6. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia (the “Commission”), to serve as Paying Agent for the Bond under the Bond Resolution.

Section 7. The Issuer hereby appoints and designates United Bank, Inc., Ripley, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 8. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bond hereby and by the Bond Resolution approved and provided for, to the end that the Bond may be delivered to the Authority pursuant to the Loan Agreement on or about January 30, 2013.

Section 9. The acquisition and construction of the Project and the financing thereof with proceeds of the Bond are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

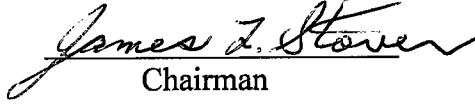
Section 10. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the Series 2013 Bond Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 11. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 12. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 7th day of February, 2013.


Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Governing Body of the Southern Jackson County Public Service District on the 7th day of February, 2013.

Dated this 7th day of February, 2013.

[SEAL]


Secretary

\$3,140,000
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND (WEST VIRGINIA DWTRF PROGRAM)
SERIES 2013

GENERAL CERTIFICATE

1. TERMS
2. AWARD OF BOND
3. NO LITIGATION
4. GOVERNMENTAL APPROVALS AND BIDDING
5. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
6. SIGNATURES
7. CERTIFICATION OF COPIES OF DOCUMENTS
8. PUBLIC SERVICE COMMISSION ORDER; RATES
9. INCUMBENCY AND OFFICIAL NAME
10. DELIVERY AND PAYMENT
11. LAND AND RIGHTS OF WAY
12. MEETINGS
13. CONTRACTORS' INSURANCE
14. CONNECTIONS
15. MANAGEMENT
16. RATES AND CHARGES
17. LOAN AND GRANT AGREEMENTS
18. CONFLICT OF INTEREST
19. COMPLIANCE WITH 1977, 1991, 1997, 1998, 2001 AND 2005 RESOLUTIONS AND BONDS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, Jackson County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Southern Jackson County Public Service District, Water Revenue Bond, Series 2013, No. R-1, in the principal amount of \$3,140,000, bearing interest at the rate of 0% per annum, plus an administration fee of 1% per annum, and dated on the date hereof (the "Bond"):

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as in the Resolution adopted by the Public Service Board of the Issuer (the "Board") and effective on August 9, 2012, as amended by a Supplemental Resolution adopted by the Board and effective on February 7, 2013 (collectively, the "Resolution").

2. AWARD OF BOND: The entire issue of the Bond has been duly awarded to the West Virginia Water Development Authority, acting on behalf of the West Virginia Bureau for Public Health (the "Purchaser"), as reflected in the Resolution.

3. 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 Bond, nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Bond, nor affecting the validity of the Bond or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the Board or the title of the members and officers thereof to their respective offices; nor questioning the additions, betterments and improvements to the water system of the Issuer (the "System") being financed out of the proceeds of sale of the Bond.

4. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for construction and operation of the System have been duly and timely obtained and remain in full force and effect. This includes a Certificate of Convenience and Necessity from the West Virginia Public Service Commission ("PSC") awarded in Case No. 12-0060-PWD-CN. Competitive bids for construction of the Project were solicited in accordance with West Virginia law.

5. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval by the Purchaser of a loan to assist in the additions, betterments and improvements to the System. Upon issuance and delivery of the Bond, the Issuer will have the Bond and its Water Revenue Bond, Series 1977, Water Revenue Bond, Series 1991, Water Revenue Bond, Series 1997, Water Revenue Bond, Series 1998, Water Revenue Bond, Series 2001A, Water Revenue Bond, Series 2001B and Water Revenue Bond, Series 2005 (collectively, the "Prior Bonds" and together with the Bond, the "Bonds"), as debt outstanding, which Bonds constitute a shared, first parity lien on the Net Revenues of the System. The Issuer has obtained the consents of the holders of the Prior Bonds to the issuance of the Bond.

6. SIGNATURES: The undersigned CHAIRMAN and SECRETARY did, for the Issuer on the date hereof, officially execute and seal the Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected, qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer.

7. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Order Creating the Issuer
Bond Resolution
Notice of Meeting to Approve Resolution
Minutes of Meeting Approving Resolution
Rules of Procedure

Orders Appointing Members of Public Service Board
Oaths of Office of Chairman, Secretary and Members of Board
Rate Tariff
Public Service Commission Certificate of Convenience and Necessity

8. PUBLIC SERVICE COMMISSION ORDER; RATES: The Issuer hereby covenants that it has filed information with the PSC and taken all action required to maintain the Public Service Commission Order entered on June 1, 2012, in full force and effect. The rates were adopted by Order issued June 1, 2012, and the Issuer has complied with all requirements of the PSC to make the rates valid and effective, and such rates are in full force and effect.

9. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "Southern Jackson County Public Service District", and it is a public service district created pursuant to the Act by orders issued by The County Commission of Jackson County, located in Jackson County, West Virginia. The governing body of the Issuer is the Chairman, its Board consisting of three (3) Board Members and the Secretary and Treasurer, whose names, terms and offices are as follows:

<u>Name</u>	<u>Term</u>	<u>Office</u>
James L. Stover	December 1, 2015	Chairman and Member
Paul F. Strohl	December 1, 2017	Vice Chairman and Member
James Hutchinson	December 1, 2013	Member
Marsha L. Fouty	Appointed	Secretary (non-voting)
Linda Parsons	Appointed	Treasurer (non-voting)

The duly appointed and acting Attorney for the Issuer is Robert D. Fisher.

10. DELIVERY AND PAYMENT: On the date hereof, the Bond was delivered to the Purchaser at Charleston, West Virginia, by the undersigned Chairman and at the time of such delivery, the Bond had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Resolution.

At the time of delivery of the Bond, a payment was received by the undersigned Chairman, being a portion of the principal amount of the Bond. Interest on advances upon the Series 2013 Bond at the rate of 0% per annum, plus an administration fee of 1%, is payable upon each advance from the date thereof. The Bond Proceeds have been deposited in accordance with the terms of the Resolution.

The Bond is dated on the date hereof, and interest on the Bond at the rate of 0% per annum, plus an administration fee of 1% per annum, is payable on the Bond from such date.

11. LAND AND RIGHTS OF WAY: All land in fee simple and all rights of way and easements necessary for the construction, operation and maintenance of the System have been acquired or can and will be acquired by purchase, or if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way

with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bond.

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

13. CONTRACTORS' INSURANCE: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions and Commitment of the Purchaser and the Resolution.

14. CONNECTIONS: The Issuer has received connection agreements from at least 75 new, bona fide users and has deposited or will deposit forthwith the sum thereof in the Tap Fee Account in full compliance with the requirements of the Purchaser.

15. MANAGEMENT: The Issuer has heretofore delivered to the Purchaser a plan concerning operation and management of the System, which plan was found to be acceptable by the Purchaser.

16. RATES AND CHARGES: Based upon information submitted by the Certified Public Accountant, the rates and charges for the System which became effective upon completion of the Project, will, so long as the Bond and all Prior Bonds are outstanding, provide Net Revenues sufficient to pay (a) the interest upon the Bond and the Prior Bonds, (b) the principal amount of the Bond and the Prior Bonds at or before their maturity and (c) a margin of safety or reserve for the Bond and the Prior Bonds and for the payment into the Reserve Accounts created for the Bond and the Prior Bonds. The Issuer will approve and take the necessary steps to implement the rates approved by the Public Service Commission of West Virginia by on June 1, 2012, in Case No. 12-0060-PWD-CN.

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

The System serves 2,262 customers, and the Project is intended to add 75 new customers. The Issuer will not reduce the number customers served by the System, except for ordinary customer fluctuation demand, without the prior written approval of the Purchaser. Following completion of the Project, the Issuer shall certify to the Purchaser the number of customers served by the System.

As of the date hereof, the grant from the West Virginia Infrastructure and Jobs Development Council (the "Council") in the amount of \$530,000 is committed for the Project and in full force and effect. The Issuer has executed the grant agreement to be entered into with the Council evidencing the Council's grant in the amount of \$530,000.

18. CONFLICT OF INTEREST: No officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or with respect to a sale or lease of any land, materials, supplies or services to the Issuer, or to any contractor supplying the Issuer, relating to the Bond, 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 five percent (5%) of the particular business enterprise or contract.

19. COMPLIANCE WITH 1977, 1991, 1997, 1998, 2001 AND 2005 RESOLUTIONS AND BONDS: All payments have been made under the 1977, 1991, 1997, 1998, 2001 and 2005 Resolutions, and there are no defaults in the terms and conditions of the 1977, 1991, 1997, 1998, 2001 and 2005 Resolutions or Bonds.

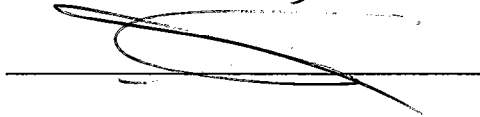
WITNESS our signatures and the official corporate seal of the SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT on this 14th day of February, 2013.

(CORPORATE SEAL)

SIGNATURE

OFFICIAL TITLE





Chairman

Secretary

Attorney for Issuer

\$3,140,000
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND (WEST VIRGINIA DWTRF PROGRAM)
SERIES 2013

CERTIFICATE OF CONSULTING ENGINEER

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

1. My firm is engineer for the acquisition and construction of certain improvements and extensions to the existing public water facilities (the "Project") of Southern Jackson County Public Service District (the "District") to be constructed in Jackson County, West Virginia, which acquisition and construction is being financed in part by the above-captioned revenue bond (the "Bond") of the District. Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Bond Resolution adopted by the Public Service Board of the District on August 9, 2012 (the "Resolution"), and the Loan Agreement by and between the District and the West Virginia Water Development Authority (the "Authority"), for the benefit of the West Virginia Bureau for Public Health ("BPH"), dated February 14, 2013.

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

3. To the best of my knowledge, information and belief (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by BPH, and any change orders approved by the District, BPH and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and will have a useful life of at least 32 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the District has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto, and Goodwin & Goodwin, LLP, counsel to the District, will ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by BPH and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the District has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) the net proceeds of the Bond, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefore, are sufficient to pay the costs of acquisition and construction of the Project

approved by BPH; and (x) attached hereto as Exhibit A is the final amended "Schedule B-Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

4. The System serves 2,248 customers, and the Project is intended to add 60 new customers in the Faber Hollow, Pigeonroost Run and Gins Creek areas of the District and 15 new customers in the U.S. Route 33 East area of the District.

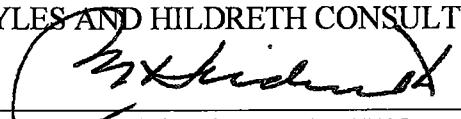
5. I have ascertained that all successful bidders have provided the drug free workplace affidavit, and the contracts contain language that complies with the Drug Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. I have also ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds

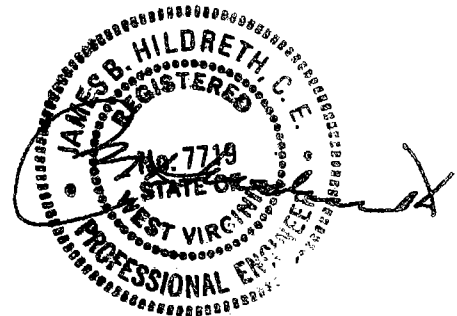
WITNESS my signature as of the 14th day of February, 2013.

BOYLES AND HILDRETH CONSULTING ENGINEERS

[SEAL]

By:


West Virginia License No. 7719



2.12.13

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL**Post Bid Schedule B (12/17/2012)**

Southern Jackson County Public Service District

Water System Improvements Project 2010W-1219

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

A. COST OF PROJECT	TOTAL	DWTRF Loan	WDC Grant
1 Construction			
a. Contract No. 1 - Tri-State Pipeline	\$ 2,027,841.00	\$ 2,027,841.00	\$ -
b. Contract No. 2 - Mid Atlantic Storage	359,500.00	359,500.00	
c. Alternate Source of Supply facilities	210,000.00	210,000.00	
d. Main extension for additional users	220,000.00	220,000.00	
2 Technical Services - Boyles and Hildreth			
a. Design	224,000.00	0.00	224,000.00
b. Inspection	162,000.00	0.00	162,000.00
c. Special Services	20,000.00	0.00	20,000.00
d. Asset Management Plan	19,500.00	19,500.00	
e. Design - re Items A.1.c & d	42,500.00	0.00	42,500.00
f. Special Services - re Items A.1.c & d	7,000.00	0.00	7,000.00
g. RPR Services - re Items A.1.c & d	32,000.00	0.00	32,000.00
3 Legal & Fiscal			
a. Local Counsel - Adams & Fisher	20,000.00	15,000.00	5,000.00
b. Local Counsel - re items A.1.c & d	10,000.00	10,000.00	
c. PSC counsel - Robert Rodecker	15,000.00	15,000.00	
d. PSC counsel - re Items A.1.c & d	10,000.00	10,000.00	
e. Accounting - Smith, Cochran, Hicks	10,000.00	10,000.00	0.00
f. Special Counsel - Goodwin & Goodwin	5,000.00	5,000.00	
g. Special Counsel - re Items A.1.c & d	5,000.00	5,000.00	
4 Permit fees, Legal ads, & Misc.	10,000.00	10,000.00	0.00
5 Sites & Other Lands	20,000.00	20,000.00	0.00
6 Contingency (± 8.5 %)	210,359.00	172,859.00	37,500.00
7 Miscellaneous			
a. Site Utilization	5,000.00	5,000.00	0.00
8 TOTAL of Lines 1 through 8	3,844,500.00	3,114,500.00	530,000.00
B. SOURCES OF FUNDS			
9 Federal Grants			
10 State Grants WDC	530,000.00		
11 TOTAL Lines 9 through 10	530,000.00		
12 Net Proceeds from Bond Issue	3,114,500.00	3,114,500.00	
C. COST OF FINANCING			
13 Capitalized Interest	0.00	0.00	
14 Other Costs			
a. Bond Counsel - Goodwin & Goodwin	25,000.00	25,000.00	
b. Registrar Fees	500.00	500.00	
15 Total Cost of Issuance	25,500.00	25,500.00	
16 Size of Bond Issue	3,140,000.00	3,140,000.00	

James L. Starn
 GOVERNMENTAL AGENCY
 2-1-13
 DATE

Michael J. ...
 CONSULTING ENGINEER
 2-3-13
 DATE

\$3,140,000
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND (WEST VIRGINIA DWTRF PROGRAM)
SERIES 2013

CERTIFICATE OF SECRETARY AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

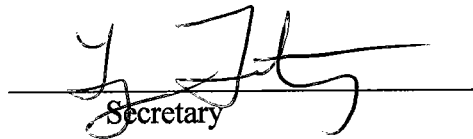
I, Marsha L. Fouty, the duly elected Secretary of the Southern Jackson County Public Service District (the "District"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of the \$3,140,000 Southern Jackson County Public Service District, Water Revenue Bond (West Virginia DWTRF Program), Series 2013 (the "Bond"), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the District and delivered in the transcript of proceedings, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. County Commission Orders Creating the District.
2. Oaths of Office of the Chairman, Secretary and Members of the Public Service Board.
3. Bond Resolution adopted on August 9, 2012.
4. Supplemental Resolution adopted on February 7, 2013.
5. Loan Agreement dated February 14, 2013.
6. Minutes of the August 9, 2012 and February 7, 2013 meetings of the Board wherein the Bond Resolution and the Supplemental Resolution were considered and approved.
7. Affidavit of publication of the abstract and notice of meeting on the Resolution published in *The Jackson Herald*.
8. Recommended Decision of the Public Service Commission of West Virginia entered on June 1, 2012, in Case No. 12-0060-PWD-CN, which became Final on June 21, 2012.
9. Rate Tariff issued April 4, 2007, as modified by rates approved in PSC Case No. 12-0060-PWD-CN, which will become effective upon completion of the project.
10. Rules of Procedure.
11. Minutes of Current Year Organizational Meeting.
12. Affidavit of Publication.

13. 1977 Bond Resolution.
14. 1991 Bond Resolution.
15. 1997 Bond Resolution.
16. 1998 Bond Resolution.
17. 2001 Bond Resolution.
18. 2005 Bond Resolution.
19. Rural Development Consent to Issuance of Bond.
20. Water Development Authority Consent to Issuance of Parity Bond.
21. Closing Memorandum.
22. Evidence of Insurance.

WITNESS my signature and the official seal of the Southern Jackson County Public Service District as of the 14th day of February, 2013.

(SEAL)


Secretary



smithcochranhicks PLLC
CERTIFIED PUBLIC ACCOUNTANTS

February 14, 2013

\$3,140,000
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND (WEST VIRGINIA DWTRF PROGRAM)
SERIES 2013

CERTIFIED PUBLIC ACCOUNTANT'S CERTIFICATE

Southern Jackson County Public Service District
Kenna, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

United States of America, United States Department of Agriculture, Rural Development
Morgantown, West Virginia

Ladies and Gentlemen:

We have reviewed the water rates of Southern Jackson County Public Service District (the "Issuer"), as approved by an Order of the Public Service Commission of West Virginia, which became final on June 21, 2012, in Case No. 12-0060-PWD-CN, and effective for all bills rendered on and after the date the project is certified as substantially complete, the projected operating expenses and the anticipated customer usage provided by Boyles and Hildreth, the consulting engineer of the Issuer. It is our opinion that such rates are sufficient (i) to provide for all operating expenses of the water facilities of the Issuer (the "System") and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Issuer's (1) Water Revenue Bonds, Series 1977, dated March 13, 1978, issued in the original principal amount of \$470,000, (2) Water System Revenue Bonds, Series 1991, dated March 18, 1991, issued in the original principal amount of \$143,500, (3) Water Revenue Bonds, Series 1997, dated March 21, 1997, issued in the original principal amount of \$500,000, (4) Water Revenue Bonds (West Virginia Infrastructure Fund), Series 1998 A, dated May 22, 1998, issued in the original principal amount of \$380,000, (5) Water Revenue Bond, Series 2001A, dated December 21, 2001, issued in the original principal amount of \$1,310,000, (6) Water Revenue Bond, Series 2001B, dated December 21, 2001, issued in the original principal amount of \$60,000, and (7) Water Revenue Bond, Series 2005, dated September 21, 2005, issued in the original principal amount of \$1,137,000 (collectively, the "Prior Bonds"), and its Water Revenue Bond (West Virginia DWTRF Program), Series 2013 (the "Series 2013 Bond").

It is further our opinion that the Net Revenues for the fiscal year following the year in which the Series 2013 Bond is to be issued will be at least 120% of the average annual debt service requirements on the Prior Bonds and the Series 2013 Bond.

It is further our opinion that the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of the Series 2013 Bond, plus the estimated average annual Net Revenues to be received in each of the 3 succeeding years after the issuance of the Series 2013 Bond, will not be less than 115% of the maximum annual amount which will mature and become due in any succeeding year for principal of and interest on the Prior Bonds and the Series 2013 Bond.

Very truly yours,



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



WV MUNICIPAL BOND COMMISSION
900 Pennsylvania Avenue, Suite 1117
Charleston, WV 25302
(304) 558-3971

NEW ISSUE REPORT FORM
Date of Report: February 14, 2013

ISSUE: Southern Jackson County Public Service District
Water Revenue Bond (West Virginia DWTRF Program), Series 2013
ADDRESS: P.O. Box 57
Kenna, WV 25248-0057 COUNTY: Jackson
PURPOSE: New Money X
OF ISSUE: Refunding Refunds issue dated: N/A
ISSUE DATE: February 14, 2013 CLOSING DATE: February 14, 2013
ISSUE AMOUNT: \$3,140,000 RATE: 0% (1% administration fee)
1ST DEBT SERVICE DUE: September 1, 2014 1ST PRINCIPAL DUE: September 1, 2014
1ST DEBT SERVICE AMT.: * PAYING AGENT: Muni. Bond Comm.

BOND COUNSEL: Goodwin & Goodwin, LLP LENDER: WV Water Develop. Auth.
Contact Person: W.K. Bragg, Jr. Contact Person: Chris Jarrett
Phone 346-7000 Phone: (304) 558-3612

KNOWLEDGEABLE ISSUER CONTACT:

Contact Person: James L. Stover
Position: Chairman
Phone: (304) 372-2622

-----DEPOSITS TO MBC AT CLOSE: -----

By Wire Accrued Interest: \$ 0
 Check Capitalized Interest: \$ 0
 Reserve Account: To be funded over a 10 year period
 Other: \$

-----REFUNDS & TRANSFERS BY MBC AT CLOSE: -----

By Wire To Escrow Trustee: \$ N/A
 Check To Issuer: \$ N/A
 IGT To Cons. Invest. Fund: \$ N/A
 Other: \$

Notes: * Subject to actual amount advanced at closing.

Notes: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: _____

TRANSFERS

REQUIRED: _____

\$3,140,000
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND (WEST VIRGINIA DWTRF PROGRAM)
SERIES 2013

No. R-1

Date: February 14, 2013

FOR VALUE RECEIVED, the SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT, a public service district created, expanded and contracted pursuant to the Act by orders issued by The County Commission of Jackson County, in Jackson County, West Virginia (herein called "Issuer"), hereby promises to pay to the order of the West Virginia Water Development Authority, as administrator of the Drinking Water Treatment Revolving Fund (the "Authority") or registered assigns, at 1009 Bullitt Street, Charleston, West Virginia 25301, or at such other place as the Authority may hereafter designate in writing, the principal sum of Three Million One Hundred Forty Thousand and 00/100 Dollars (\$3,140,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the Record of Advances attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2014, as set forth on the Debt Service Schedule attached as EXHIBIT B hereto and incorporated herein by reference. The Administration Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2014, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated February 14, 2013.

Any amount advanced or expended by the Authority for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Authority shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Issuer to the Authority without demand. Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Authority.

This Bond and the Prior Bonds, as hereinafter defined, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of

providing funds for financing costs of construction of improvements to a water system (the "System") of the Issuer, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of United Bank, Inc., as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Bond Legislation, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code (collectively, the "Act").

THIS BOND IS ON PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE WATER REVENUE BONDS, SERIES 1977, WATER SYSTEM REVENUE BONDS, SERIES 1991, WATER REVENUE BONDS, SERIES 1997, WATER REVENUE BONDS (WEST VIRGINIA INFRASTRUCTURE FUND), SERIES 1998, WATER REVENUE BOND, SERIES 2001A, WATER REVENUE BOND, SERIES 2001B, AND WATER REVENUE BOND (WEST VIRGINIA DWTRF PROGRAM), SERIES 2005 (COLLECTIVELY, THE "PRIOR BONDS") OF THE ISSUER DESCRIBED IN THE RESOLUTIONS ISSUED WITH RESPECT TO EACH SERIES.

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 System, on a parity with the pledge of Net Revenues in favor of the registered owners of the Prior Bonds, and from moneys in the reserve account created under the Resolution for this Bond (the "Series 2013 Bond Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2013 Bond Reserve Account and unexpended proceeds of this Bond. Pursuant to the Resolution, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount of

principal of and interest, if any, on this Bond payable in any year and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2013 Bond Reserve Account, an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with this Bond, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owner (as defined in the Resolution) of this Bond for the terms of which reference is made to the Resolution. Remedies provided the Registered Owner of this Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof.

The initial address of Authority for purposes of bond registration is 1009 Bullitt Street, Charleston, WV 25301.

IN WITNESS WHEREOF, the SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT

(SEAL)

By: James L. Stone
Chairman
P.O. Box 57
Kenna, WV 25248-0057

ATTEST:

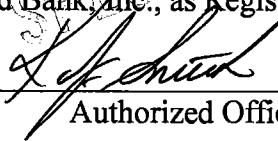
By: [Signature]
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2013 Bond described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: February 14, 2013.

United Bank, Inc., as Registrar

By: 

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$74,922.00	2/14/13	(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
		TOTAL	\$ _____

SFLC 11/11/13

(Form of Assignment)

ASSIGNMENT

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

DATED: _____.

In the presence of:

EXHIBIT B

DEBT SERVICE SCHEDULE

SPECIMEN

Net Debt Service
Southern Jackson County PSD
DWTRF
\$3,140,000
0% Interest Rate
1% Administrative Fee

Date	Principal	Interest	30 Years Total Debt		Reserve Fund	Net Debt Service
			Service	Admin Fee		
12/01/14	26,167		26,167	3,957.68	2,616.70	32,741.38
03/01/15	26,167		26,167	3,957.68	2,616.70	32,741.38
06/01/15	26,167		26,167	3,957.68	2,616.70	32,741.38
09/01/15	26,167		26,167	3,957.68	2,616.70	32,741.38
12/01/15	26,167		26,167	3,957.68	2,616.70	32,741.38
03/01/16	26,167		26,167	3,957.68	2,616.70	32,741.38
06/01/16	26,167		26,167	3,957.68	2,616.70	32,741.38
09/01/16	26,167		26,167	3,957.68	2,616.70	32,741.38
12/01/16	26,167		26,167	3,957.68	2,616.70	32,741.38
03/01/17	26,167		26,167	3,957.68	2,616.70	32,741.38
06/01/17	26,167		26,167	3,957.68	2,616.70	32,741.38
09/01/17	26,167		26,167	3,957.68	2,616.70	32,741.38
12/01/17	26,167		26,167	3,957.68	2,616.70	32,741.38
03/01/18	26,167		26,167	3,957.68	2,616.70	32,741.38
06/01/18	26,167		26,167	3,957.68	2,616.70	32,741.38
09/01/18	26,167		26,167	3,957.68	2,616.70	32,741.38
12/01/18	26,167		26,167	3,957.68	2,616.70	32,741.38
03/01/19	26,167		26,167	3,957.68	2,616.70	32,741.38
06/01/19	26,167		26,167	3,957.68	2,616.70	32,741.38
09/01/19	26,167		26,167	3,957.68	2,616.70	32,741.38
12/01/19	26,167		26,167	3,957.68	2,616.70	32,741.38
03/01/20	26,167		26,167	3,957.68	2,616.70	32,741.38
06/01/20	26,167		26,167	3,957.68	2,616.70	32,741.38
09/01/20	26,167		26,167	3,957.68	2,616.70	32,741.38
12/01/20	26,167		26,167	3,957.68	2,616.70	32,741.38
03/01/21	26,167		26,167	3,957.68	2,616.70	32,741.38
06/01/21	26,167		26,167	3,957.68	2,616.70	32,741.38
09/01/21	26,167		26,167	3,957.68	2,616.70	32,741.38
12/01/21	26,167		26,167	3,957.68	2,616.70	32,741.38
03/01/22	26,167		26,167	3,957.68	2,616.70	32,741.38
06/01/22	26,167		26,167	3,957.68	2,616.70	32,741.38
09/01/22	26,167		26,167	3,957.68	2,616.70	32,741.38
12/01/22	26,167		26,167	3,957.68	2,616.70	32,741.38
03/01/23	26,167		26,167	3,957.68	2,616.70	32,741.38
06/01/23	26,167		26,167	3,957.68	2,616.70	32,741.38
09/01/23	26,167		26,167	3,957.68	2,616.70	32,741.38
12/01/23	26,167		26,167	3,957.68	2,616.70	32,741.38
03/01/24	26,167		26,167	3,957.68	2,616.70	32,741.38
06/01/24	26,167		26,167	3,957.68	2,616.70	32,741.38
09/01/24	26,167		26,167	3,957.68	2,616.70	32,741.38
12/01/24	26,167		26,167	3,957.68		30,124.68
03/01/25	26,167		26,167	3,957.68		30,124.68
06/01/25	26,167		26,167	3,957.68		30,124.68
09/01/25	26,167		26,167	3,957.68		30,124.68
12/01/25	26,167		26,167	3,957.68		30,124.68

03/01/26

26,167

26,167

3,957.68

30,124.68

Jan 30, 2013 1:09 pm

(WDA:LOANS-SJACK113) 2

SPECIMEN

Net Debt Service
Southern Jackson County PSD
DWTRF
\$3,140,000
0% Interest Rate
1% Administrative Fee
30 Years

Date	Principal	Interest	Total Debt Service	Admin Fee	Reserve Fund	Net Debt Service
06/01/26	26,167		26,167	3,957.68		30,124.68
09/01/26	26,167		26,167	3,957.68		30,124.68
12/01/26	26,167		26,167	3,957.68		30,124.68
03/01/27	26,167		26,167	3,957.68		30,124.68
06/01/27	26,167		26,167	3,957.68		30,124.68
09/01/27	26,167		26,167	3,957.68		30,124.68
12/01/27	26,167		26,167	3,957.68		30,124.68
03/01/28	26,167		26,167	3,957.68		30,124.68
06/01/28	26,167		26,167	3,957.68		30,124.68
09/01/28	26,167		26,167	3,957.68		30,124.68
12/01/28	26,167		26,167	3,957.68		30,124.68
03/01/29	26,167		26,167	3,957.68		30,124.68
06/01/29	26,167		26,167	3,957.68		30,124.68
09/01/29	26,167		26,167	3,957.68		30,124.68
12/01/29	26,167		26,167	3,957.68		30,124.68
03/01/30	26,167		26,167	3,957.68		30,124.68
06/01/30	26,167		26,167	3,957.68		30,124.68
09/01/30	26,167		26,167	3,957.68		30,124.68
12/01/30	26,167		26,167	3,957.68		30,124.68
03/01/31	26,167		26,167	3,957.68		30,124.68
06/01/31	26,167		26,167	3,957.68		30,124.68
09/01/31	26,167		26,167	3,957.68		30,124.68
12/01/31	26,167		26,167	3,957.68		30,124.68
03/01/32	26,167		26,167	3,957.68		30,124.68
06/01/32	26,167		26,167	3,957.68		30,124.68
09/01/32	26,167		26,167	3,957.68		30,124.68
12/01/32	26,167		26,167	3,957.68		30,124.68
03/01/33	26,167		26,167	3,957.68		30,124.68
06/01/33	26,167		26,167	3,957.68		30,124.68
09/01/33	26,167		26,167	3,957.68		30,124.68
12/01/33	26,167		26,167	3,957.68		30,124.68
03/01/34	26,167		26,167	3,957.68		30,124.68
06/01/34	26,167		26,167	3,957.68		30,124.68
09/01/34	26,166		26,166	3,957.68		30,123.68
12/01/34	26,166		26,166	3,957.68		30,123.68
03/01/35	26,166		26,166	3,957.68		30,123.68
06/01/35	26,166		26,166	3,957.68		30,123.68
09/01/35	26,166		26,166	3,957.68		30,123.68
12/01/35	26,166		26,166	3,957.68		30,123.68
03/01/36	26,166		26,166	3,957.68		30,123.68
06/01/36	26,166		26,166	3,957.68		30,123.68
09/01/36	26,166		26,166	3,957.68		30,123.68
12/01/36	26,166		26,166	3,957.68		30,123.68
03/01/37	26,166		26,166	3,957.68		30,123.68

06/01/37	26,166	26,166	3,957.68	30,123.68
09/01/37	26,166	26,166	3,957.68	30,123.68

Jan 30, 2013 1:09 pm

(WDA:LOANS-SJACK113) 3

GRUBMER

Net Debt Service
Southern Jackson County PSD
DWTRF
\$3,140,000
0% Interest Rate
1% Administrative Fee
30 Years

Date	Principal	Interest	Total Debt Service	Admin Fee	Reserve Fund	Net Debt Service
12/01/37	26,166		26,166	3,957.68		30,123.68
03/01/38	26,166		26,166	3,957.68		30,123.68
06/01/38	26,166		26,166	3,957.68		30,123.68
09/01/38	26,166		26,166	3,957.68		30,123.68
12/01/38	26,166		26,166	3,957.68		30,123.68
03/01/39	26,166		26,166	3,957.68		30,123.68
06/01/39	26,166		26,166	3,957.68		30,123.68
09/01/39	26,166		26,166	3,957.68		30,123.68
12/01/39	26,166		26,166	3,957.68		30,123.68
03/01/40	26,166		26,166	3,957.68		30,123.68
06/01/40	26,166		26,166	3,957.68		30,123.68
09/01/40	26,166		26,166	3,957.68		30,123.68
12/01/40	26,166		26,166	3,957.68		30,123.68
03/01/41	26,166		26,166	3,957.68		30,123.68
06/01/41	26,166		26,166	3,957.68		30,123.68
09/01/41	26,166		26,166	3,957.68		30,123.68
12/01/41	26,166		26,166	3,957.68		30,123.68
03/01/42	26,166		26,166	3,957.68		30,123.68
06/01/42	26,166		26,166	3,957.68		30,123.68
09/01/42	26,166		26,166	3,957.68		30,123.68
12/01/42	26,166		26,166	3,957.68		30,123.68
03/01/43	26,166		26,166	3,957.68		30,123.68
06/01/43	26,166		26,166	3,957.68		30,123.68
09/01/43	26,166		26,166	3,957.68		30,123.68
12/01/43	26,166		26,166	3,957.68		30,123.68
03/01/44	26,166		26,166	3,957.68		30,123.68
06/01/44	26,166		26,166	3,957.68		30,123.68
09/01/44	26,167		26,167	3,957.68		30,124.68
	3,140,000		3,140,000	474,921.60	104,668.00	3,719,589.60

Notes:

Estimated Monthly Net Debt Service Payments rounded up to the nearest cent:

\$10,913.80 September 1, 2014 through August 1, 2024 (based on maximum quarterly payment of \$32,741.38)

\$10,041.56 September 1, 2024 through August 1, 2044 (based on maximum quarterly payment of \$30,124.68)

Admin Fee calculated based on 1.0% of bond value computed quarterly paid in equal quarterly payments rounded up to the nearest cent.

SPENCER

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND (WEST VIRGINIA DWTRF PROGRAM)
SERIES 2013

SPECIMEN

<u>Bond Number</u>	<u>Principal Amount</u>	<u>Date of Bond</u>
No. R-1	\$3,140,000	February 14, 2013

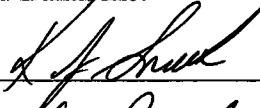
NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Signature of Registrar:

United Bank, Inc.

By: 

Its: 

ADAMS, FISHER AND CHAPPELL, PLLC

Attorneys at Law

Ronald H. Adams (1929-1987)
Robert D. Fisher
Leah R. Chappell

Post Office Box 326
122 South Court St.
Ripley, WV 25271

Telephone: (304)372-6191
Facsimile: (304) 372-2175
e:mail:
adamsfisher@citynet.net

February 14, 2013

West Virginia Water Development
Authority
1009 Bullitt Street
Charleston, WV 25301

Southern Jackson County Public Service
District
P.O. Box 57
Kenna, WV 25248-0057

Re: \$3,140,000 Southern Jackson County Public Service District,
Water Revenue Bond (West Virginia DWTRF Program), Series 2013

Gentlemen:

As attorney for the Southern Jackson County Public Service District, Jackson County, West Virginia (the "District"), I have examined the record of proceedings relating to the issue of the Southern Jackson County Public Service District, Water Revenue Bond, Series 2013 (the "Bond") and have considered the validity of the bond issue. In this connection, I have examined and am familiar with the Constitution and statutes of the State of West Virginia, including Chapter 16, Article 13A and Chapter 16, Article 13C of the Code of West Virginia of 1931, as amended (collectively, the "Act"), the Orders of the Jackson County Commission creating, expanding and contracting the District, related minutes and certified copies of the Resolution and Supplemental Resolution passed by the District (collectively, the "Resolution"), the Bond Purchase Agreement for the Bond, dated February 14, 2013, including all schedules and exhibits attached thereto (the "Agreement"), by and between the District and the West Virginia Water Development Authority (the "Authority"), and the West Virginia Bureau for Public Health ("BPH"), a copy of the certificate of convenience and public necessity issued by the West Virginia Public Service Commission, the water rates necessary to pay for the Bond as described in the Resolution, copies of contracts and other documents relating to the funding and approval for the project by the District, including but not limited to the construction contract, plans and specifications, and other documents relating to the project, the commitment letter from BPH to the District, and other documents incidental and material to the issuance by the District of the Bond. From such familiarity and examination, I am 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 the Water System and to issue and sell the Bond, all under the provisions of Chapter 16, Article 13A (the "Act"), of the West Virginia Code of 1931, as amended, and other applicable provisions of law.

2. The District, through its Board, has legally and effectively enacted the Resolution and has duly authorized the issuance and delivery of the Bond to the Authority, for the benefit of BPH, and the Chairman of the Board is duly and lawfully entitled and authorized to execute the Bond. The Agreement has been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the Authority and BPH, constitutes a valid and binding agreement of the District, enforceable in accordance with its terms.

3. The Bond constitutes a valid and legally enforceable special obligation of the District secured by and payable solely from a parity lien on and pledge of the net revenues of the System on parity with the Series 1977 Bond, the Series 1991 Bond, the Series 1997 Bond, the Series 1998 Bond, the Series 2001 Bonds and the Series 2005 Bond (collectively, the "Prior Bonds"), as described in the Resolution, all in accordance with the terms of the Bond and the Resolution.

4. The District, through its Board, has legally and effectively enacted the water rates necessary to make the payments on the Bond and the Prior Bonds from the rates described in the Resolution, and it has lawfully enacted and has filed a tariff which has been approved by the West Virginia Public Service Commission for the water rates that are described in the Resolution.

5. The District has obtained from the West Virginia Public Service Commission a valid, final and non-appealable certificate of convenience and necessity under Case No. 12-0060-PWD-CN, which lawfully authorizes the District to proceed with the construction and operation of the District's Water System and approval of and issuance of the Bond.

6. The District, through its Board, has legally and effectively enacted all other resolutions, contracts and agreements that are necessary to comply with the commitment letter previously forwarded and conditions required therein, as well as complied with all necessary provisions of the Resolution necessary before the Bond may be issued and delivered, and that the Bond can in fact be lawfully issued and delivered.

7. The execution and delivery of the Bond and the adoption of the Resolution and compliance with the provisions of them will not conflict with nor constitute a breach of or default under any agreement or other instrument known to me to which the District is a party, or any court order or consent decree known to me to which the District is subject, or any law or administrative regulation to which the District is subject.

8. All authorizations, consents, approvals and reviews by governmental bodies or regulatory authorities then required for the District's adoption, execution or performance of the Bond and the Resolution have been obtained or affected, and I 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 for performance of any of them by the District.

9. I have ascertained that all successful bidders have provided the drug free workplace affidavit, submitted their drug free workplace plan, and the contracts contain language that comply with the Drug Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. I have also ascertained that all successful bidders have made required provisions for all insurance

and payment and performance bonds, and I have reviewed such insurance policies or binders and such bonds for accuracy. I have reviewed the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project and verified that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the District; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Resolution and the Agreement with the Authority, for the benefit of BPH; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

10. To my 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 materially adverse effect upon the validity of the Bond or the Resolution.

The foregoing opinion is qualified to the extent that the enforceability of the liens, pledges and terms set forth in the Bond and in the Bond Resolution may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally.

Very truly yours,

Robert D. Fisher

ADAMS, FISHER & CHAPPELL, PLLC

Attorneys at Law

RONALD H. ADAMS (1929-1987)
ROBERT D. FISHER
LEAH R. CHAPPELL

Post Office Box 326
122 South Court Street
Ripley, WV 25271

Telephone: (304) 372-6191
Facsimile: (304) 372-2175
e-mail: adamsfisher@citynet.net

February 1, 2013

Bureau of Public Health
1 Davis Square, Suite 200
Capitol and Washington Streets
Charleston, WV 25301-1798

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311-1751

Re: Southern Jackson County Public Service District

Project Description: Water System Improvements Project

Ladies and Gentlemen:

This firm represents the Southern Jackson County Public Service District with regard to proposed project to construct the Water System Improvements Project (the "Project"), and provides this final title opinion on behalf of the Southern Jackson County Public Service District to satisfy the requirements of the West Virginia Drinking Water Treatment Revolving Loan Fund Program (the "Program") with regard to the financing proposed for the project. Please be advised of the following:

1. That I am of the opinion that the Southern Jackson County Public Service District is a duly created and existing municipal/public corporation possessed with all the powers and authority granted to the municipal/public corporations under the laws of the State of West Virginia and through said District has the full power and authority to construct, operate and maintain the Project as approved by the Bureau for Public Health.

2. That the Southern Jackson County Public Service District has obtained all necessary permits and approvals for the construction of the Project.

3. That I have investigated and ascertained the location of and am familiar with the legal description of, the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans of the Project prepared by Boyles and Hildreth, the consulting engineers for the Project.

4. That I have examined the records on file in the Office of the Clerk of the County Commission of Jackson County, West Virginia, the county in which the Project is to be located, and, in my opinion, the Southern Jackson County Public Service District has acquired legal title or such other estate or interest in the necessary site components for the Project, including all necessary easements and/or rights-of-way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed, except and subject to the following:

Legal title, including, as appropriate, easements and/or rights of way, have been acquired through formal condemnation proceedings. Proceedings have been instituted and a right of entry has been ordered in that certain condemnation action styled Southern Jackson County Public Service District vs. Anna Marie White, Civil Action 12-C-111.

The Southern Jackson County Public Service District is duly vested with the right of eminent domain and may acquire legal title to the properties listed above.

5. That any deeds or other documents which have been acquired to date by the Southern Jackson County Public Service District have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the Southern Jackson County Public Service District.

6. The Southern Jackson County Public Service District has obtained from the West Virginia Department of Highway, approval for a permit authorizing the construction of the Project as described in the plans upon, over and through public rights of way as shown in the plans.

If you have any questions regarding any of the information contained in this final title opinion, please contact this office.

Sincerely,



- Robert D. Fisher
Attorney at Law
Adams Fisher and Chappell, PLLC

\$3,140,000
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND (WEST VIRGINIA DWTRF PROGRAM)
SERIES 2013

REGISTRY

<u>BOND NO.</u>	<u>AMOUNT</u>	<u>HOLDER</u>	<u>DATE ACQUIRED</u>
R-1	\$3,140,000	West Virginia Water Development Authority	February 14, 2013

\$3,140,000
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND (WEST VIRGINIA DWTRF PROGRAM)
SERIES 2013

RECEIPT FOR BONDS AND TRANSCRIPT

The undersigned, for the West Virginia Water Development Authority, for the benefit of the West Virginia Bureau for Public Health (the "Purchaser"), hereby certifies as follows:

1. On the 14th day of February, 2013, at Charleston, West Virginia, the undersigned received from the Southern Jackson County Public Service District (the "District"), the District's Water Revenue Bond (West Virginia DWTRF Program), Series 2013 (the "Bond"), dated as of the date hereof, bearing interest at the rate of 0% per annum, plus an administration fee of 1% per annum, payable in monthly installments as stated in the Bond. The Bond represents the entire above-captioned Bond issue.

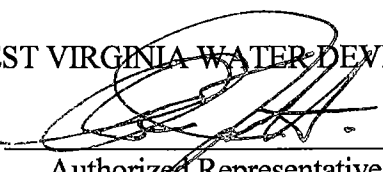
2. At the time of such receipt, the Bond had been executed and sealed by the designated officials of the District.

3. At the time of such receipt, there was paid to the District a payment representing a portion of the principal amounts of the Bond.

4. There will be provided to the undersigned a set of Bond Transcript documents.

WITNESS my signature as of the 14th day of February, 2013.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: 
Authorized Representative

\$3,140,000
SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND (WEST VIRGINIA DWTRF PROGRAM)
SERIES 2013

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

United Bank, Inc., at its office located in Ripley, Jackson County, West Virginia, hereby accepts appointment as Depository Bank in connection with a Resolution of the Southern Jackson County Public Service District (the "District") duly adopted by the Public Service Board of the District and effective on August 9, 2012 (the "Resolution"), authorizing issuance by the District of its Water Revenue Bond (West Virginia DWTRF Program), Series 2013, dated February 14, 2013, in the aggregate principal amounts of \$3,140,000, and agrees to perform all duties of Depository Bank in connection with the Construction Fund, all as set forth in the Resolution.

Witness my signature as of the 14th day of February, 2013.

UNITED BANK, INC.

By: Becky Muller

Its: Brian Mann

DWTRF
(09/12)

LOAN AGREEMENT

THIS DRINKING WATER TREATMENT REVOLVING FUND LOAN AGREEMENT (the "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 under the direction of the WEST VIRGINIA BUREAU FOR PUBLIC HEALTH, a division of the West Virginia Department of Health and Human Resources (the "BPH"), and the local entity designated below (the "Local Entity").

SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT
(2010W-1219/ 11DWTRFB008)
(Local Entity)

WITNESSETH:

WHEREAS, the United States Congress under Section 1452 of the Safe Drinking Water Act, as amended (the "Safe Drinking Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining drinking water treatment revolving funds for the construction, acquisition and improvement of drinking water systems;

WHEREAS, pursuant to the provisions of Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a drinking water treatment revolving fund program (the "Program") to direct the distribution of loans to eligible Local Entities pursuant to the Safe Drinking Water Act;

WHEREAS, under the Act the BPH is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards (U.S. General Services Administration; Catalog of Federal Domestic Assistance, 32nd Edition §66.468 (1998)) and BPH has been awarded capitalization grants to partially fund the Program;

WHEREAS, the Act establishes a permanent perpetual fund known as the “West Virginia Drinking Water Treatment Revolving Fund” (hereinafter the “Fund”), which fund is to be administered and managed by the Authority under the direction of the BPH;

WHEREAS, pursuant to the Act, the Authority and BPH are empowered to make loans from the Fund to Local Entities for the design, acquisition or construction of drinking water projects by such Local Entities, all subject to such provisions and limitations as are contained in the Safe Drinking Water Act and the Act;

WHEREAS, the Local Entity constitutes a local entity as defined by the Act;

WHEREAS, the Local Entity is included on the BPH State Project Priority List and the Intended Use Plan and has met BPH’s pre-application requirements for the Program;

WHEREAS, the Local Entity is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a drinking water project and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Local Entity;

WHEREAS, the Local Entity intends to construct, is constructing or has constructed such a drinking water project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the “Project”);

WHEREAS, the Local Entity has completed and filed with the Authority and BPH 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 the Fund having available sufficient funds therefor, the Authority and BPH are willing to lend the Local Entity the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Entity with moneys held in the Fund, subject to the Local Entity’s satisfaction of certain legal and other requirements of the Program.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Local Entity, BPH and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms “Authority,” “cost,” “fund,” “local entity,” and “project” have the definitions and meanings ascribed to them in the Act or in the DWTRF Regulations.

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

1.3 “Cross Cutter Authorities” means federal laws and authorities that apply by their terms to projects or activities receiving federal assistance.

1.4 “Loan” means the loan to be made by the Authority and BPH to the Local Entity through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

1.5 “Local Act” means the official action of the Local Entity required by Section 4.1 hereof, authorizing the Local Bonds.

1.6 “Local Bonds” means the revenue bonds to be issued by the Local Entity pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Loan Agreement.

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

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

1.9 “Program” means the drinking water facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Safe Drinking Water Act and administered by BPH.

1.10 “Project” means the drinking water project hereinabove referred to, to be constructed or being constructed by the Local Entity in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Entity in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.11 “DWTRF Regulations” means the regulations set forth in the West Virginia Code of State Regulations.

1.12 “System” means the drinking water system owned by the Local Entity, 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.

1.13 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 design, 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 Local Entity by the Consulting Engineers, the BPH and Authority having found, to the extent applicable, that the Project is consistent with the applicable provisions of the Program.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and the Local Act, the Local Entity 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 Local Entity 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 Local Entity, subject to any mortgage lien or

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

2.4 The Local Entity agrees that the Authority and BPH and their respective 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 Local Entity further agrees that the Authority and BPH and their respective duly authorized agents shall, prior to, during and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and BPH with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Local Entity 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 Local Entity shall permit the Authority and BPH, acting by and through their directors or 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 Local Entity shall submit to the Authority and BPH 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 Local Entity agrees that it will permit the Authority and BPH and their respective agents to have access to the records of the Local Entity pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

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

2.8 The Local Entity shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and BPH

and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Entity, the Local Entity or (at the option of the Local Entity) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Entity, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Entity on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Entity must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Local Entity shall provide and maintain competent and adequate engineering services satisfactory to the Authority and BPH covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, BPH and the Local Entity at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Entity shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the DWTRF Regulations, to it within 60 days of the completion of the Project. The Local Entity shall notify BPH in writing of such receipt.

2.10 The Local Entity shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Entity shall employ qualified operating personnel properly certified by the State. If the Local Entity is a newly established water system, the Local Entity must employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The newly established Local Entity shall notify BPH in writing of the certified operator employed at the 50% completion stage.

2.11 The Local Entity hereby covenants and agrees to comply with all applicable federal and state statutes, rules and regulations, the applicable requirements of all Cross Cutter Authorities and all applicable local ordinances issued by the Authority,

BPH 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 Local Entity, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit A and incorporated herein by reference, and forward a copy by the 10th of each month the Authority.]

2.13 The Local Entity, during construction of the Project, shall complete Payment Requisition Forms, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward such forms to BPH in compliance with the Local Entity's construction schedule.

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

2.15 The Local Entity shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia in the manner prescribed by and the guidelines established by the Authority and the PSC.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority and BPH to make the Loan is subject to the Local Entity's fulfillment, to the satisfaction of the Authority and BPH, 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 Local Entity shall have delivered to BPH and the Authority a report listing the specific purposes for which the proceeds of the Loan will be expended;

(b) The Local Entity shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

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

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

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

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

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

(h) The Local Entity shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), with all requisite appeal periods having expired without successful appeal, and the Authority and

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BPH shall have received an opinion of counsel to the Local Entity, which may be local counsel to the Local Entity, bond counsel or special PSC counsel but must be satisfactory to the Authority and BPH, to such effect;

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and BPH shall have received a certificate of the accountant for the Local Entity, or such other person or firm experienced in the finances of local entities and satisfactory to the Authority and BPH, to such effect;

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

(k) The Local Entity shall have obtained 100% of the titles, easements and rights-of-way, or shall have received rights-of-entry for the same and the Authority and BPH shall receive an opinion of counsel to the Local Entity, satisfactory to the Authority and BPH, to such effect.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the BPH, including the DWTRF Regulations, 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 Local Entity and the Local Entity shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Local Entity 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 Local Entity 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, BPH and the Local Entity. 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 Local Entity understands and acknowledges that it is one of several local entities which have applied to the Authority and BPH for loans from the Fund to finance drinking water projects and that the obligation of the Authority to make any such loan is subject to the Local Entity's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the requirements of the Program. The Local Entity specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may purchase the bonds of other local entities set out in the State Project Priority List, as defined in the DWTRF Regulations. The Local Entity further specifically recognizes that all loans will be originated in conjunction with the DWTRF Regulations and with the prior approval of BPH or such later date as is agreed to in writing by the BPH.

3.6 The Local Entity shall provide BPH with the appropriate documentation to comply with the special conditions regarding the special requirements established by federal and State regulations as set forth in Exhibit D attached hereto at such times as are set forth therein.

3.7 The Local Entity shall comply with the following conditions:

(a) The Local Entity shall develop and implement an asset management plan in accordance with BPH guidelines and approved by BPH.

(b) The Local Entity shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying.

(c) The Local Entity shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price

exceeds \$10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was \$10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

(d) The Local Entity shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled "Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by BPH, the Local Entity shall provide certifications as to compliance.

(e) The Local Entity shall comply with all requests for data related to the use of the funds provided under this agreement.

(f) The Local Entity shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this Agreement and (2) interview any officer or employee of the Local Entity.

(g) The Local Entity must promptly refer to EPA's Inspector General any credible evidence that a principal, employee, agent, sub-grantee contractor, subcontractor, loan recipient, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving funds provided under this Agreement.

(h) The Local Entity shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

(i) The Local Entity shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 31 of title 40, United States Code. The Local Entity must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements.

(j) Pursuant to 40 CFR, Section 33.301, the Local Entity agrees to make Disadvantage Business Enterprise (DBE) good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Entity shall provide BPH with DBE participation reports semi-

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annually.

(k) The Local Entity shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with nondiscrimination requirements. The Local Entity shall also comply with Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and Local Entities, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to 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"),

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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 Local Entity has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues, as applicable, of the System as provided in the Local Act;

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

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

(iv) That, except as otherwise required by State law or the DWTRF Regulations, 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 from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of the System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Entity shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority;

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

(vii) That the Local Entity will not render any free services of the System;

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Local Entity under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

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

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

(xi) That the Local Entity shall annually, within six months of the end of the fiscal year, 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. If the Local Entity receives \$500,000 or more (in any combination of federal funds) in a fiscal year, the audit shall be obtained in accordance with the Single Audit Act (as amended from time to time) and the applicable OMB Circular (or any successor thereto). Financial statement audits are required once all funds have been received by the Local Entity. The audit shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Local Entity's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

(xiv) That the proceeds of the Local Bonds, advanced from time to time, except for accrued interest and capitalized interest, if any, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Local Entity and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim funding of such Local Entity, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the BPH, 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 Local Entity may authorize redemption of the Local Bonds with 30 days written notice to BPH and the Authority;

(xvi) That the West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for all Local Bonds;

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

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

(xix) That the Local Entity shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and BPH 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;

(xx) That the Local Entity shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate its services to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore such services until all delinquent charges for the services of the System have been fully paid; and

(xxi) That the Local Entity shall submit all proposed change orders to the BPH for written approval. The Local Entity shall obtain the written approval of the BPH before expending any proceeds of the Local Bonds held in

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“contingency” as set forth in the final Schedule A attached to the certificate of the Consulting Engineer. The Local Entity shall obtain the written approval of the BPH before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

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

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

4.3 At least two and one-half percent (2½%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the Authority monthly as required by the Local Entity to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Entity, the BPH and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the DWTRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.4 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Local Entity. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

4.5 As provided by the DWTRF Regulations, the Local Entity agrees to pay from time to time, if required by the Authority and BPH, the Local Entity’s allocable share of the reasonable administrative expenses of the BPH and the Authority relating to the Program. Such administrative expenses shall be determined by the BPH and the Authority and shall include, without limitation, Program expenses, legal fees paid by the

BPH and the Authority and fees paid for any bonds or notes to be issued by the Authority for contribution to the Fund.

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

ARTICLE V

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

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

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

5.3 In the event the Local Entity defaults in any payment due to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Local Entity hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Entity, the Authority

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may exercise any or all of the rights and powers granted under Section 5 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Local Entity

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

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

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

6.4 The Local Entity hereby covenants that, if required by the Authority, it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Local Entity fails to make any such rebates as required, then the Local Entity shall pay

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any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

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

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

6.7 The Local Entity hereby agrees to file with the Authority upon completion of acquisition and construction of the Project a schedule setting forth the actual costs of the Project and sources of funds.

ARTICLE VII

Miscellaneous

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

7.2 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.

7.3 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.

7.4 No waiver by any 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.

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

7.6 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Local Entity 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.

7.7 This Loan Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Entity from either the Authority or BPH;

(ii) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the BPH if the Local Entity has failed to deliver the Local Bonds to the Authority;

(iii) termination by the Authority and BPH pursuant to Section 6.2 hereof; or

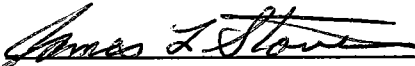
(iv) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Entity to the Authority or BPH.

In the event funds are not available to make all of the Loan, the responsibility of the Authority and BPH to make all the Loan is terminated; provided further that the obligation of the Local Entity to repay the outstanding amount of the Loan made by the Authority and BPH is not terminated due to such non-funding on any balance of the Loan. The BPH agrees to use its best efforts to have the amount contemplated under this Loan Agreement included in its budget. Non-funding of the Loan shall not be considered an event of default under this Loan Agreement.

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.

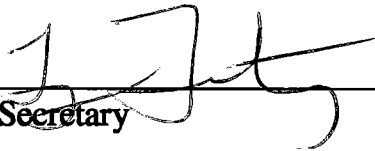
SOUTHERN JACKSON COUNTY PUBLIC
SERVICE DISTRICT

(SEAL)

By: 
Its: Chairman

Date: February 14, 2013

Attest:


Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: 
Its: Executive Director

Date: February 14, 2013

Attest:


Its: Secretary-Treasurer

EXHIBIT A

MONTHLY FINANCIAL REPORT

Name of Local Entity _____
Name of Bond Issue(s) _____
Type of Project _____ Water _____ Wastewater _____
Fiscal Year _____ Report Month _____

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

Name of Person Completing Form

Address

Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT B

PAYMENT REQUISITION FORM

EXHIBIT C

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by BPH and any change orders approved by the Issuer, BPH and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule B attached hereto as Exhibit A, and my firm¹ has ascertained that all successful bidders have made required provisions

¹If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained"

for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof², the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by BPH; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

_____.

[SEAL]

By: _____

West Virginia License No. _____

that".

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

EXHIBIT D

SPECIAL CONDITIONS

A. PUBLIC RELEASE REQUIREMENT – The Local Entity agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, groundbreaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with federal money, (1) the percentage of the total costs of the program or project which will be financed with federal money, (2) the dollar amount of federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

B. EXHIBIT D-1 – The Local Entity shall complete the form attached as Exhibit D-1 and submit to the BPH prior to the Closing.

C. BID UNDER RUN DRAW REQUIREMENTS – Prior to the Local Entity requesting draws for the portion of the Project to be covered by the bid under run, the Local Entity shall submit the following to the BPH for review and approval:

1. Final Title Opinion for the additional scope areas;
2. Approval of the PSC for the additional scope work;
3. Any permits required for the additional scope work;
4. Any proposed change orders; and
5. All new contract bid documents for advertisement.

EXHIBIT D-1

For Office Use Only
Grant Number _____

West Virginia Department of Health and Human Resources
Subrecipient (Grantee) Information Form
Please see the instructions for completion of the Subrecipient (Grantee) Information Form

1. Subrecipient (Grantee) Name

2. Subrecipient (Grantee) Location (Street Address, City, State and Zip Code)

3. Subrecipient (Grantee) 9-Digit DUNS Number

4. Subrecipient (Grantee) Type (Please check one box only)

☐ State Government ☐ County Government ☐ City or Township Government ☐ Special District Government ☐ Regional Organization ☐ U.S. Territory or Possession ☐ Independent School District ☐ Public/State Controlled Institution of Higher Learning ☐ Indian/Native American Tribal Government (Federally Recognized) ☐ Indian/Native American Tribal Government (Other than Federally Recognized) ☐ Indian/Native American Tribally Designated Organization ☐ Public/Indian Housing Authority	☐ Nonprofit with 501(c)(3) IRS Status (Other than Institution of Higher Education) ☐ Nonprofit without 501(c)(3) IRS Status (Other than Institution of Higher Education) ☐ Private Institution of Higher Education ☐ Individual ☐ For-Profit Business (Other than Small Business) ☐ Small Business ☐ Hispanic-serving Institution ☐ Historically Black Colleges and Universities (HBCUs) ☐ Tribally Controlled Colleges and Universities (TCCUs) ☐ Alaska Native and Native Hawaiian Serving Institutions ☐ Non-domestic (non-US) entity ☐ Other (Please explain) _____
--	--

5. Primary Performance Location (Street Address, City, State and Zip Code)

6. Names, Titles and Total Compensation for the 5 Most Highly Compensated Officers

Officer Name	Title	Total Compensation

NOTE: This form must be signed by an individual no lower than the Executive Director or Chief Financial Officer.

Printed Name _____ Title _____

Signature _____ Date _____ Phone # _____

CPHR Form A-3000

EXHIBIT E

MONTHLY PAYMENT FORM

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond
Commission

on behalf of _____ on _____.
[Local Entity] [Date]

Sinking Fund:

Interest \$ _____

Principal \$ _____

Total: \$ _____

Reserve Account: \$ _____

Witness my signature this ____ day of _____.

[Name of Local Entity]

By: _____
Authorized Officer

Enclosure: wire transfer form

EXHIBIT F

OPINION OF BOND COUNSEL FOR LOCAL ENTITY

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

West Virginia Bureau for Public Health
350 Capitol Street, Room 313
Charleston, WV 25301-3713

Ladies and Gentlemen:

We are bond counsel to _____ (the "Local Entity"), a
_____.

We have examined a certified copy of proceedings and other papers relating to the authorization of a (i) loan agreement dated _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Local Entity and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and (ii) the issue of a series of revenue bonds of the Local Entity, dated _____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of \$_____, in the form of one bond, registered as to principal and interest to the Authority, with principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning _____1, ____, and ending _____1, ____, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Local Entity on _____, as supplemented by the supplemental resolution duly adopted by the Local Entity on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan

Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

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

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

We have examined 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,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$3,140,000
Purchase Price of Local Bonds	\$3,140,000

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

The Local Entity shall submit its payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. If the Reserve Account is not fully funded at closing, the Local Entity shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Commission. The Local Entity shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

The Local Bonds are fully registered in the name of the Authority as to principal and interest, if any, and the Local Bonds shall grant the Authority a first lien on the gross or net revenues of the Local Entity's system as provided in the Local Act.

The Local Entity may prepay the Local Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and BPH. The Local Entity shall request approval from the Authority and BPH in writing of any proposed debt which will be issued by the Local Entity on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

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

- (i) Southern Jackson County Public Service District Water Revenue Bonds, Series 1977, of the Issuer, dated March 13, 1978, issued in the original principal amount of \$470,000;

(ii) Southern Jackson County Public Service District Water System Revenue Bonds, Series 1991, of the Issuer, dated March 18, 1991, issued in the original principal amount of \$143,500;

(iii) Southern Jackson County Public Service District Water Revenue Bonds, Series 1997, of the Issuer, dated March 21, 1997, issued in the original principal amount of \$500,000;

(iv) Southern Jackson County Public Service District Water Revenue Bonds (West Virginia Infrastructure Fund), Series 1998 A of the Issuer, dated May 22, 1998, issued in the original principal amount of \$380,000;

(v) Water Revenue Bond, Series 2001A of the Issuer, dated December 21, 2001 (the "2001A Bond") issued in the original principal amount of \$1,310,000 secured under the terms of the 2001 Resolution (hereinafter defined);

(vi) Southern Jackson County Public Service District Water Revenue Bond, Series 2001B of the Issuer, dated December 21, 2001, issued in the original principal amount of \$60,000; and

(vii) Southern Jackson County Public Service District Water Revenue Bond, Series 2005 of the Issuer, dated September 21, 2005, issued in the original principal amount of \$1,137,000.

Number of New Customers To Be Served: 80

Location: Faber Hollow, Pigeon Roost Run, Gins Creek (60) and Route 33 (20) area.

SCHEDULE Y

DEBT SERVICE SCHEDULE

Net Debt Service							
Southern Jackson County PSD							
DWTRF							
\$3,140,000							
0% Interest Rate							
1% Administrative Fee							
30 Years							
	Date	Principal	Interest	Total Debt Service	Admin Fee	Reserve Fund	Net Debt Service
	12/1/2014	26,167		26,167	3,957.68	2,616.70	32,741.38
	3/1/2015	26,167		26,167	3,957.68	2,616.70	32,741.38
	6/1/2015	26,167		26,167	3,957.68	2,616.70	32,741.38
	9/1/2015	26,167		26,167	3,957.68	2,616.70	32,741.38
	12/1/2015	26,167		26,167	3,957.68	2,616.70	32,741.38
	3/1/2016	26,167		26,167	3,957.68	2,616.70	32,741.38
	6/1/2016	26,167		26,167	3,957.68	2,616.70	32,741.38
	9/1/2016	26,167		26,167	3,957.68	2,616.70	32,741.38
	12/1/2016	26,167		26,167	3,957.68	2,616.70	32,741.38
	3/1/2017	26,167		26,167	3,957.68	2,616.70	32,741.38
	6/1/2017	26,167		26,167	3,957.68	2,616.70	32,741.38
	9/1/2017	26,167		26,167	3,957.68	2,616.70	32,741.38
	12/1/2017	26,167		26,167	3,957.68	2,616.70	32,741.38
	3/1/2018	26,167		26,167	3,957.68	2,616.70	32,741.38
	6/1/2018	26,167		26,167	3,957.68	2,616.70	32,741.38
	9/1/2018	26,167		26,167	3,957.68	2,616.70	32,741.38
	12/1/2018	26,167		26,167	3,957.68	2,616.70	32,741.38
	3/1/2019	26,167		26,167	3,957.68	2,616.70	32,741.38
	6/1/2019	26,167		26,167	3,957.68	2,616.70	32,741.38
	9/1/2019	26,167		26,167	3,957.68	2,616.70	32,741.38
	12/1/2019	26,167		26,167	3,957.68	2,616.70	32,741.38
	3/1/2020	26,167		26,167	3,957.68	2,616.70	32,741.38
	6/1/2020	26,167		26,167	3,957.68	2,616.70	32,741.38
	9/1/2020	26,167		26,167	3,957.68	2,616.70	32,741.38
	12/1/2020	26,167		26,167	3,957.68	2,616.70	32,741.38
	3/1/2021	26,167		26,167	3,957.68	2,616.70	32,741.38
	6/1/2021	26,167		26,167	3,957.68	2,616.70	32,741.38
	9/1/2021	26,167		26,167	3,957.68	2,616.70	32,741.38
	12/1/2021	26,167		26,167	3,957.68	2,616.70	32,741.38
	3/1/2022	26,167		26,167	3,957.68	2,616.70	32,741.38
	6/1/2022	26,167		26,167	3,957.68	2,616.70	32,741.38
	9/1/2022	26,167		26,167	3,957.68	2,616.70	32,741.38
	12/1/2022	26,167		26,167	3,957.68	2,616.70	32,741.38
	3/1/2023	26,167		26,167	3,957.68	2,616.70	32,741.38
	6/1/2023	26,167		26,167	3,957.68	2,616.70	32,741.38
	9/1/2023	26,167		26,167	3,957.68	2,616.70	32,741.38
	12/1/2023	26,167		26,167	3,957.68	2,616.70	32,741.38
	3/1/2024	26,167		26,167	3,957.68	2,616.70	32,741.38
	6/1/2024	26,167		26,167	3,957.68	2,616.70	32,741.38
	9/1/2024	26,167		26,167	3,957.68	2,616.70	32,741.38
	12/1/2024	26,167		26,167	3,957.68		30,124.68
	3/1/2025	26,167		26,167	3,957.68		30,124.68
	6/1/2025	26,167		26,167	3,957.68		30,124.68
	9/1/2025	26,167		26,167	3,957.68		30,124.68
	12/1/2025	26,167		26,167	3,957.68		30,124.68
	3/1/2026	26,167		26,167	3,957.68		30,124.68

	Net Debt Service						
	Southern Jackson County PSD						
	DWTRF						
	\$3,140,000						
	0% Interest Rate						
	1% Administrative Fee						
	30 Years						
	Date	Principal	Interest	Total Debt Service	Admin Fee	Reserve Fund	Net Debt Service
	6/1/2026	26,167		26,167	3,957.68		30,124.68
	9/1/2026	26,167		26,167	3,957.68		30,124.68
	12/1/2026	26,167		26,167	3,957.68		30,124.68
	3/1/2027	26,167		26,167	3,957.68		30,124.68
	6/1/2027	26,167		26,167	3,957.68		30,124.68
	9/1/2027	26,167		26,167	3,957.68		30,124.68
	12/1/2027	26,167		26,167	3,957.68		30,124.68
	3/1/2028	26,167		26,167	3,957.68		30,124.68
	6/1/2028	26,167		26,167	3,957.68		30,124.68
	9/1/2028	26,167		26,167	3,957.68		30,124.68
	12/1/2028	26,167		26,167	3,957.68		30,124.68
	3/1/2029	26,167		26,167	3,957.68		30,124.68
	6/1/2029	26,167		26,167	3,957.68		30,124.68
	9/1/2029	26,167		26,167	3,957.68		30,124.68
	12/1/2029	26,167		26,167	3,957.68		30,124.68
	3/1/2030	26,167		26,167	3,957.68		30,124.68
	6/1/2030	26,167		26,167	3,957.68		30,124.68
	9/1/2030	26,167		26,167	3,957.68		30,124.68
	12/1/2030	26,167		26,167	3,957.68		30,124.68
	3/1/2031	26,167		26,167	3,957.68		30,124.68
	6/1/2031	26,167		26,167	3,957.68		30,124.68
	9/1/2031	26,167		26,167	3,957.68		30,124.68
	12/1/2031	26,167		26,167	3,957.68		30,124.68
	3/1/2032	26,167		26,167	3,957.68		30,124.68
	6/1/2032	26,167		26,167	3,957.68		30,124.68
	9/1/2032	26,167		26,167	3,957.68		30,124.68
	12/1/2032	26,167		26,167	3,957.68		30,124.68
	3/1/2033	26,167		26,167	3,957.68		30,124.68
	6/1/2033	26,167		26,167	3,957.68		30,124.68
	9/1/2033	26,167		26,167	3,957.68		30,124.68
	12/1/2033	26,167		26,167	3,957.68		30,124.68
	3/1/2034	26,167		26,167	3,957.68		30,124.68
	6/1/2034	26,167		26,167	3,957.68		30,124.68
	9/1/2034	26,166		26,166	3,957.68		30,123.68
	12/1/2034	26,166		26,166	3,957.68		30,123.68
	3/1/2035	26,166		26,166	3,957.68		30,123.68
	6/1/2035	26,166		26,166	3,957.68		30,123.68
	9/1/2035	26,166		26,166	3,957.68		30,123.68
	12/1/2035	26,166		26,166	3,957.68		30,123.68
	3/1/2036	26,166		26,166	3,957.68		30,123.68
	6/1/2036	26,166		26,166	3,957.68		30,123.68
	9/1/2036	26,166		26,166	3,957.68		30,123.68
	12/1/2036	26,166		26,166	3,957.68		30,123.68
	3/1/2037	26,166		26,166	3,957.68		30,123.68
	6/1/2037	26,166		26,166	3,957.68		30,123.68
	9/1/2037	26,166		26,166	3,957.68		30,123.68

USDA-FHA
Form FHA 442-30
(Rev. 4-19-72)

Position 5

WATER PURCHASE CONTRACT

COPY

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 gallon but less than 672,000 gallons.
 - e. \$.51 cents per 1,000 gallons of water in excess of 672,000 gallon

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 _____

Position 5

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 metering equipment has been installed at that time, or~~ ~~This cost will be billed directly to the Contractor and is to be paid by the Contractor.~~ ~~For charges of which will be paid by the contractor, or, on his failure to pay, by the Purchaser.~~ ~~the Contractor,~~
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.

Position 5

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

By John W. Miller
JOHN W. MILLER, MAYORTitle MAYOR

Attest:

Helen A. Casto
Secretary

Purchaser:

Carl DeLeon

By

Title Chairman Jackson County,
Southern, Public Service District

Attest:

Dolores C. Willard
Secretary

This contract is approved on behalf of the Farmers Home Administration this 27 day of June,
19 22.

By

Title M. D. P.
Chief, Community Program

WATER PURCHASE CONTRACT

COPY

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 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 gallon but less than 672,000 gallons.
 - e. \$.51 cents per 1,000 gallons of water in excess of 672,000 gallo

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 metering equipment has been installed at the time.~~ This cost will be billed directly to the Contractor and is to be paid by ~~the Contractor or by the Purchaser, on his failure to pay, by the Purchaser.~~ the Contractor.
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

By John W. Miller
JOHN W. MILLER, MAYOR

Title MAYOR

Attest:

Helen H. Caste
Secretary

Purchaser:

Carl Delane

By

Title Chairman Jackson County
Southern, Public Service Assoc

Attest:

Dolores E. Willard
Secretary

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

By

M. D. R.
Title Chief, Community Programs

AMENDMENT TO
WATER PURCHASE CONTRACT

THIS AMENDMENT TO WATER PURCHASE CONTRACT (hereinafter, "Amendment") is made and entered into as of the 9th day of January, 2013, by and between the SOUTHERN JACKSON COUNTY PUBLIC SERVICE DISTRICT (hereinafter, "District"), and the CITY OF RIPLEY (hereinafter, "City").

WITNESSETH:

WHEREAS, the District currently purchases water from the City through a Water Purchase Contract (hereinafter, "Contract") with an effective date of June 8, 1977;

WHEREAS, the Contract provides for the City to deliver and sell water to the District from a main supply located near Route 21 at the Southern side of the City of Ripley;

WHEREAS, the District desires to upgrade and extend its water distribution system by constructing improvements to the existing City of Ripley public water system (hereinafter, "Ripley System Improvements");

WHEREAS, the District is willing to construct at the District's expense said Ripley System Improvements, as more specifically described below, so that the District's water distribution system may be upgraded and extended;

WHEREAS, the District plans to issue its water revenue bonds to finance the expense of designing and constructing said Ripley System Improvements;

WHEREAS, the District has the authority to construct said Ripley System Improvements, transfer it to the City, and enter into this Amendment, and the City has the authority to accept said transfer and own and operate said Ripley System Improvements; and

WHEREAS, the current contract should be amended to reflect the existing and the future points of supply and pressure.

NOW, THEREFORE, the City and the District hereby amend the Contract as follows:

Section 1. Sections Amended and Added:

A. Amend the following Section 2 to "A. The Seller Agrees:"

2. (Point of Delivery and Pressure) That water will be furnished at a reasonably constant pressure (currently 71 psi to 87 psi) from an existing 6-inch diameter main to a master meter installed in the 1970's, and at a reasonably constant pressure (currently 75 psi to 91 psi) from an existing 8-inch diameter supply line to a master meter installed in 1998, both points located near Route 21 at the southern end of the City.

As part of the Ripley Systems Improvement, the District will install a new point of service along US Route 33 at which point water will be provided to the master meter at a reasonably constant rate (30 psi to 44 psi) through an 8-inch diameter main.

If a greater pressure than that normally available at the point of delivery is required by the District, the cost of providing such a greater pressure shall be borne by the District. 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.

B. Add the following Section 3 to “B. The District Agrees:”

“3. (Ripley System Improvements Costs) The District recognizes and understands that in order to upgrade and extend its water distribution system, improvements to the existing distribution system of the City of Ripley, is necessary. The improvements consist of the construction of a 150,000 gallon storage tank to replace the existing 100,000 gallon Spencer Road storage tank, upgrading of the Hillcrest Booster Station, and the installation of approximately 1,200 l.f. of 8-inch diameter water main, master meter, and necessary appurtenances.

- a. The District agrees that it will be responsible for the engineering, design and preparation of plans and specifications for the Ripley System Improvements described in this Contract. The City will pay no part of the engineering and design costs for these improvements.
- b. The District agrees to pay the entire cost of constructing the Ripley System Improvements, including all equipment, labor, and materials. The City will pay no part of the construction costs for these improvements.”

C. Add the following Sections 9 and 10 to “C. It is further mutually agreed between the Seller and the District as follows:”

“9. (Ripley System Improvements) The City and the District agree that the construction of Ripley System Improvements, is necessary to upgrade and extend the District’s water distribution system.

- a. Ownership and Maintenance: Upon completion of construction and placement in service of the Ripley System Improvements by the District, said Ripley System Improvements shall be transferred to and become the property of the City. Control, ownership, operation, and maintenance of said Ripley System Improvements shall be vested wholly and exclusively in the City, and the District will have no interest therein.
- b. Free of Liens: The transfer of the new Ripley System Improvements from the District to the City shall be free of any liens or encumbrances.

- c. Warranty: Upon transfer of the new Ripley System Improvements from the District to the City, any warranty for the new Ripley System Improvements that is available to the District shall be assigned to the City.

10. (Extension of Term of Contract) Upon issuance of water revenue bonds by the District for the purpose of financing the Ripley System Improvements, this Contract shall be extended for a term of 40 years, and thereafter may be renewed or extended for such a term, or terms, as may be agreed upon by the City and the District.”

Section 2. Governing Law. The City and the District agree that construction and performance of this Amendment and the Contract shall be governed by and construed in accordance with the laws of the State of West Virginia. If any paragraph, clause, or provision of this Amendment or the Contract is held to be invalid or unenforceable by a court of law, such holding shall not affect the validity of the remaining paragraphs, clauses and provisions hereof.

Section 3. Sections not Amended. All other terms and conditions in the Contract between the City and the District shall remain unchanged and in full force and effect. If this Amendment should conflict in any material way with the Contract, the terms of this Amendment shall prevail.

Section 4. Entire Agreement. This Amendment and the Contract constitute the entire agreement between the City and the District.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Amendment to the Water Purchase Contract to be duly executed in two counterparts, each of which shall constitute an original copy

CITY OF RIPLEY

By: Carolyn Rader
Mayor

Attest:

[Signature]
Clerk

SOUTHERN JACKSON COUNTY
PUBLIC SERVICE DISTRICT

By: James L. Stover
Chairman

Attest:

[Signature]
Secretary

This Amendment is subject to approval by the Public Service Commission of West Virginia and shall not become effective until an Order approving the same is entered by the Public Service Commission of West Virginia and said Order becomes final and nonappealable.