BOONE COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia DWTRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)
Date of Closing: April 26, 2000

BOND TRANSCRIPT

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BOONE COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program) and Series 2000 B (West Virginia Infrastructure Fund)

BOND TRANSCRIPT

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BOONE COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM) AND SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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BOONE COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF BOONE COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $2,130,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), AND NOT MORE THAN $4,909,161 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public waterworks system of the Issuer, consisting of a series of transmission and distribution pipelines and storage and booster facilities to interconnect the Issuer's various water facilities, together with all appurtenant facilities (collectively, the "Project") (the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Drinking Water Treatment Revolving Fund and the West Virginia Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than $7,039,161 in two series, being the Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), in the aggregate principal amount of not more than $2,130,000 (the "Series 2000 A Bonds"), and the Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $4,909,161 (the "Series 2000 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2000 A Bonds and the Series 2000 B Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the Administrative Fee (as hereinafter defined) for the Series 2000 A Bonds, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2000 A Bonds and the Series 2000 B Bonds and such other expenses as may be

necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2000 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH") and its Series 2000 B Bonds be sold to the Authority pursuant to the terms and provisions of the loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), both loan agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The Issuer will receive all of its revenues under and pursuant to an Agreement, dated October 28, 1996, as amended (the "Agreement"), by and between the Issuer and West Virginia-American Water Company (the "Company"), which Agreement has been approved by the Public Service Commission of West Virginia. The revenues to be paid by the Company to the Issuer under the Agreement will be sufficient to pay all costs of operation and maintenance of the System, to pay the principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. The Company will obtain, and pay the fees associated with, letters of credit, surety bonds or other credit facilities to fund the Reserve Accounts (as hereinafter defined) for the benefit of the Commission, to be drawn upon in the event that at any time payments under the Agreement are inadequate to provide funds for the Issuer to make all payments required hereunder. In the event the Company will not obtain such letters of credit, surety bonds or other credit facilities, the Issuer shall obtain such letters of credit, surety bonds or other credit facility or fund the Reserve Accounts in the amounts required herein and in the Loan Agreement.

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 issuance of the Series 2000 A Bonds and the Series 2000 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2000 A Bonds and the Series 2000 B Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2000 A Bonds and the Series 2000 B Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Administrative Fee" means any administrative fee required to be paid pursuant to the Loan Agreement for the Series 2000 A Bonds.

"Agreement" means initially, the Agreement, dated October 28, 1996, by and between the Issuer and the Company, as it may be or may have been amended from time to time, or any subsequent replacement or renewal Agreement, as approved by the Public Service Commission of West Virginia.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2000 A Bonds and the Series 2000 B Bonds, or any other agency, board or department of the State of

West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the BPH and the Council under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 2000 A Bonds and the Series 2000 B Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

"Bond Year" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"BPH" means the West Virginia Bureau for Public Health, a division of the West Virginia Department of Health and Human Resources, or any successor thereto.

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

"Closing Date" means the date upon which there is an exchange of the Series 2000 A Bonds and the Series 2000 B Bonds for all or a portion of the proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds from the Authority.

"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.

"Company" means West Virginia-American Water Company, a West Virginia corporation.

"Consulting Engineers" means the Company, so long as the Agreement is in effect, and upon the termination of the Agreement, any qualified engineer or firm of

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

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

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

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

"DWTRF Regulations" means the regulations for the West Virginia DWTRF Program set forth in the West Virginia Code of State Regulations.

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

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

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

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

"Grants" means all moneys received by the Issuer on account of any Grant for the Project.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined. The initial Gross Revenues

anticipated to be received by the Issuer will be limited to the amounts payable by the Company to the Issuer under the Agreement.

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

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

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

"Letter of Credit" means, collectively, the letter of credit, letters of credit, surety bond or other credit facility obtained by the Company or the Issuer to fund the Reserve Accounts for the benefit of the Commission, and any subsequent replacement or renewal Letter of Credit.

"Loan Agreement" means, collectively, the respective Loan Agreements heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the BPH, providing for the purchase of the Series 2000 A Bonds from the Issuer by the Authority and by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2000 B Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2000 A Bonds and the Series 2000 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than

those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expresses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2000 A Bonds and the Series 2000 B Bonds in the Supplemental Resolution.

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

"Reserve Accounts" means, collectively, the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account.

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

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

"Series 2000 Bonds Construction Trust Fund" means the Series 2000 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2000 A Bonds" means the Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), of the Issuer, authorized by this Resolution.

"Series 2000 A Bonds Sinking Fund" means the Series 2000 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2000 A Bonds Reserve Account" means the Series 2000 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2000 B Bonds" means the Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2000 B Bonds Sinking Fund" means the Series 2000 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2000 B Bonds Reserve Account" means the Series 2000 B Bonds Reserve Account established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 2000 A Bonds and the Series 2000 B Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2000 A Bonds and the Series 2000 B Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2000 A

Bonds and the Series 2000 B Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including, without limitation, any reserve account which may hereafter be established.

"System" means the existing waterworks system of the Issuer, as expanded and improved by the Project, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the waterworks system from any sources whatsoever.

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

"West Virginia DWTRF Program" means the West Virginia Drinking Water Treatment Revolving Fund program established by the State, administered by the BPH and funded by capitalization grants awarded to the State pursuant to the federal Safe Drinking Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the acquisition, construction and improvement of drinking water projects.

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neuter gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $31,270,552, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and has entered into or will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority, the BPH and the Council.

The cost of the Project is estimated to be $31,270,552, of which $2,130,000 will be obtained from proceeds of the Series 2000 A Bonds, $4,909,161 will be obtained from proceeds of the Series 2000 B Bonds, $1,250,000 will be obtained from the Small Cities Block Grant, $1,000,000 will be obtained from the Appalachian Regional Commission Grant, $1,471,236 will be obtained from the Abandoned Mine Lands Grant, $960,000 will be obtained from the United States Economic Development Administration Grant, $1,200,000 will be obtained from the West Virginia Division of Environmental Protection Coal Mitigation Fund Grant, $1,000,000 will be obtained from a grant from the Governor's Office and $17,350,155 will be from funds contributed by the Company.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2000 A Bonds and the Series 2000 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2000 A Bonds and the Series 2000 B Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the Series 2000 A Bonds and the Series 2000 B Bonds of the Issuer. The Series 2000 A Bonds and the Series 2000 B Bonds shall be issued each as a single bond, designated respectively as "Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program)," in the principal amount of not more than $2,130,000, and "Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund)," in the principal amount of not more than $4,909,161, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds remaining after capitalizing interest on the Series 2000 A Bonds and the Series 2000 B Bonds, if any, shall be deposited in or credited to the Series 2000 Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2000 A Bonds and the Series 2000 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2000 A Bonds and the Series 2000 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2000 A Bonds and the Series 2000 B Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each series of the Series 2000 A Bonds and the Series 2000 B Bonds. The Series 2000 A Bonds and the Series 2000 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully

registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall be dated and shall bear interest, if any, as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2000 A Bonds and the Series 2000 B Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2000 A Bonds and the Series 2000 B Bonds shall cease to be such officer of the Issuer before the Series 2000 A Bonds and the Series 2000 B Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2000 A Bonds and the Series 2000 B Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2000 A Bond or Series 2000 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2000 A Bonds and the Series 2000 B Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2000 A Bonds and the Series 2000 B Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2000 A Bonds and the Series 2000 B Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of

West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2000 A Bonds and the Series 2000 B Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 2000 A Bonds and the Series 2000 B Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging the Series 2000 A Bonds and the Series 2000 B Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2000 A Bonds or Series 2000 B Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2000 A Bonds and the Series 2000 B Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2000 A Bonds and the Series 2000 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 A Bonds and the Series 2000 B Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2000 A Bonds and the Series 2000 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2000 A Bonds and the Series 2000 B Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2000 A Bonds and the Series 2000 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2000 A Bonds and the Series 2000 B Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2000 A Bonds and the Series 2000 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2000 A Bonds and the Series 2000 B Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. An executed copy of the Loan Agreement;

E. A copy of the Agreement;

F. A copy of the Letter of Credit; and

G. The unqualified approving opinion of bond counsel on the Series 2000 A Bonds and the Series 2000 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2000 A Bonds and the Series 2000 B Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BOONE COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-_____ $_____

KNOW ALL MEN BY THESE PRESENTS: That BOONE COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Boone County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), 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, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, 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 _____, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system

of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 2000, and a Supplemental Resolution duly adopted by the Issuer on _____, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2000 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 B Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). 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 a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation and as long as the Agreement (as defined in the Bond Legislation) is in effect, 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 100% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 B Bonds. In the event the Agreement is no longer in effect, the Issuer has covenanted and agreed to 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 the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated

or reduced, the Issuer has covenanted and agreed to fund the Series 2000 A Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, BOONE COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2000.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BOONE COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That BOONE COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Boone County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), 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, 20___, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the

"System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 2000, and a Supplemental Resolution duly adopted by the Issuer on _____, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), DATED _____, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2000 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 A Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). 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 a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation and as long as the Agreement (as defined in the Bond Legislation) is in effect, 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 100% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 A Bonds. In the event the Agreement is no longer in effect, the Issuer has covenanted and agreed to 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 the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2000 B Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. The Issuer has entered into certain further covenants with the registered owners of the Bonds for

the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, BOONE COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2000.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $		(19) $	
(2) $		(20) $	
(3) $		(21) $	
(4) $		(22) $	
(5) $		(23) $	
(6) $		(24) $	
(7) $		(25) $	
(8) $		(26) $	
(9) $		(27) $	
(10) $		(28) $	
(11) $		(29) $	
(12) $		(30) $	
(13) $		(31) $	
(14) $		(32) $	
(15) $		(33) $	
(16) $		(34) $	
(17) $		(35) $	
(18) $		(36) $	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____.

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2000 A Bonds and the Series 2000 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreements. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, 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. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority, the BPH and the Council the respective amended schedules, the forms of which will be provided by the BPH and the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund; and

(2) Series 2000 Bonds Construction Trust Fund.

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

(1) Series 2000 A Bonds Sinking Fund;

(2) Series 2000 A Bonds Reserve Account (to be funded with the Letter of Credit);

(3) Series 2000 B Bonds Sinking Fund; and

(4) Series 2000 B Bonds Reserve Account (to be funded with the Letter of Credit).

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

(1) The Issuer shall first, each month, pay from the Revenue Fund all Operating Expenses of the System not otherwise paid by the Company pursuant to the Agreement.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the

Commission (i) commencing 3 months prior to the first date of payment of principal of the Series 2000 A Bonds, for deposit in the Series 2000 A Bonds Sinking Fund, an amount equal to 1/3 of the amount of principal which will mature and become due on the Series 2000 A Bonds 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 2000 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2000 B Bonds, for deposit in the Series 2000 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2000 B Bonds 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 2000 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account shall be funded with the Letter of Credit. In the event the Letter of Credit is terminated or reduced or in the event that the Authority and, as applicable, the BPH and/or the Council no longer shall require that the Letter of Credit be in place, the Issuer shall be required to fund the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account, in the amount required under the Loan Agreement, unless such requirement is waived by the BPH and the Council.

(4) So long as the Letter of Credit is required to be and is in effect, no Renewal and Replacement Fund shall be required for the Series 2000 A Bonds and the Series 2000 B Bonds. In the event the Letter of Credit is terminated or reduced or in the event that the Authority and, as applicable, the BPH and/or the Council no longer shall require that the Letter of Credit be in place, the Issuer shall be required to establish a Renewal and Replacement

Fund in the amount required under the Loan Agreement, unless such requirement is waived by the BPH and the Council.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Series 2000 A Bonds and the Series 2000 B Bonds or for any lawful purpose of the System.

Moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, as the same shall become due. Moneys in the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, as the same shall come due, when other moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2000 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

As and when additional Bonds ranking on a parity with the Series 2000 A Bonds and the Series 2000 B Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 2000 A Bonds Sinking Fund and the Series 2000 B Bonds Sinking Fund when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2000 A Bonds and the Series 2000 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2000 A Bonds

and the Series 2000 B Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2000 A Bonds Sinking Fund, the Series 2000 B Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account created hereunder, and all amounts required for said funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at any time, the Issuer shall make the necessary arrangements whereby required payments into 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 2000 A Bonds Sinking Fund, the Series 2000 B Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2000 A Bonds Sinking Fund, the Series 2000 B Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2000 A Bonds and the Series 2000 B Bonds, respectively, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2000 A Bonds and the Series 2000 B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. 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 Series 2000 A Bonds.

C. 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.

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in 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 law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

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 Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at 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 sum insured by the maximum amounts insured by FDIC in all 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 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2000 A Bonds and the Series 2000 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2000 A Bonds, there shall first be deposited with the Commission in the Series 2000 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2000 A Bonds for the period commencing on the date of issuance of the Series 2000 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2000 B Bonds, there shall first be deposited with the Commission in the Series 2000 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2000 B Bonds for the period commencing on the date of issuance of the Series 2000 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2000 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2000 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2000 A Bonds.

D. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2000 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 2000 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2000 B Bonds.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2000 A Bonds shall be applied as directed by the BPH and any remaining proceeds of the Series 2000 B Bonds shall be applied as directed by the Council.

Section 6.02. Disbursements From the Series 2000 Bonds Construction Trust Fund.

A. On or before the Closing Date, the Issuer shall have delivered to the Authority and the BPH a report listing the specific purposes for which the proceeds of the Series 2000 A Bonds 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 6.01 hereof, disbursements of proceeds from the Series 2000 A Bonds deposited in the Series 2000 Bonds Construction Trust Fund shall be made only after submission to the BPH of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement as Exhibit B, in compliance with the 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.

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

Except as provided in Section 6.01 hereof, disbursements of proceeds from the Series 2000 B Bonds deposited in the Series 2000 Bonds Construction Trust Fund shall be made only after submission to, and approval from the Council, of 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 Series 2000 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2000 A Bonds and the Series 2000 B Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2000 A Bonds and the Series 2000 B Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2000 A Bonds and the Series 2000 B Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2000 A Bonds and the Series 2000 B Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2000 A Bonds and the Series 2000 B Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 A Bonds and the Series 2000 B Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2000 A Bonds and the Series 2000 B Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered October 17, 1997, in Case No. 96-1338-W-PWD-CN, and such rates are hereby adopted.

So long as the Series 2000 A Bonds and the Series 2000 B Bonds are 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 Series 2000 A Bonds and the Series 2000 B Bonds 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 7.05. Sale of the System. So long as the Series 2000 A Bonds and the Series 2000 B Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the BPH and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2000 A Bonds and the Series 2000 B Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the Authority, the BPH and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds. Any balance remaining after the payment of the Series 2000 A Bonds and the Series 2000 B Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution 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 Revenue Fund or if the Renewal and Replacement Fund is created hereunder, then in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with 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 upon public bidding in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall, with the consent of the BPH, the Council and the Authority, be remitted to the Commission for deposit in the Sinking Funds. Payment of such proceeds into the Sinking Funds, the Revenue Fund or 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 Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2000 A Bonds and the Series 2000 B Bonds. All obligations issued by the Issuer after the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2000 A Bonds and the Series 2000 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2000 A Bonds and the Series 2000 B Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2000 A Bonds and the Series 2000 B Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds, except with the prior written consent of the Authority, the BPH and the Council under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2000 A Bonds and the Series 2000 B Bonds.

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

In the event the Agreement is no longer in effect, 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 expected 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 Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

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

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

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, as stated in a certificate, on account of increased rates, rentals,

fees and charges for the System adopted by the Issuer, the 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 Holders of the Bonds and the Holders of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2000 A Bonds and the Series 2000 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2000 A Bonds and the Series 2000 B Bonds.

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

Section 7.08. Books; Records and 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, the BPH and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority, the BPH and the Council 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, the BPH and the Council, 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 shall keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Council, the BPH, the Authority, or any other original purchaser of the Series 2000 A Bonds and the Series 2000 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2000 A Bonds and the Series 2000 B Bonds and the Consulting Engineer, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2000 A Bonds and the Series 2000 B Bonds, and shall submit said report to the BPH, the Council and the Authority, or any other original purchaser of the Series 2000 A Bonds and the Series 2000 B Bonds. Such audit report submitted to the BPH, the Authority and the Council shall include a statement that the

Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the 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 BPH, the Authority and the Council, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction of the Project, the Issuer shall also provide the Authority and the Council, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the BPH, the Authority and the Council 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 D of the Loan Agreement for the Series 2000 A Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds, 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, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 100% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 A Bonds and the Series 2000 B Bonds. In the event the Agreement is no longer in effect, the Issuer shall comply with the

requirements of Sections 4.1(b)(ii) and 5.2 of the Loan Agreement. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. 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, the BPH and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the BPH and the Council and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority, the BPH and the Council and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

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

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan 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, the BPH and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority, the BPH and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority, the BPH and the Council 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, the Council and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

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

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

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

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

charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2000 A Bonds and the Series 2000 B Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Revenue Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Revenue 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 BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

B. The Issuer shall 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, the BPH and the Council and the Issuer shall verify such insurance prior to commencement of construction. 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.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, 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 7.17. Completion, Operation and Maintenance 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 shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2000 A Bonds and the Series 2000 B Bonds are outstanding. To the extent operation and maintenance is done by the Company, the Issuer shall enforce the provisions of the Agreement to fulfill compliance with this covenant.

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

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2000 A Bonds and the Series 2000 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Series 2000 A Bonds and the Series 2000 B Bonds.

Section 7.19. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the BPH and the Council with copies of all documents submitted to the Authority.

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

Section 7.20. Securities Laws Compliance. The Issuer shall provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2000 A Bonds and the Series 2000 B Bonds 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 BPH and the Council for written approval. The Issuer shall obtain the written approval of the BPH and the Council before expending any proceeds of the Series 2000 A Bonds and the Series 2000 B

Bonds held in "contingency" as set forth in the respective schedules attached to the Certificate of Consulting Engineer. The Issuer shall also obtain the written approval of the BPH and the Council before expending any proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS

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 bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2000 A Bonds and the Series 2000 B Bonds are Outstanding.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2000 A Bonds and the Series 2000 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2000 A Bonds and the Series 2000 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2000 A Bonds and the Series 2000 B Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Series 2000 A Bond or a Series 2000 B Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2000 A Bonds and the Series 2000 B Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2000 A Bonds and the Series 2000 B Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2000 A Bonds and the Series 2000 B Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2000 A Bonds and the Series 2000 B Bonds shall be on a parity with each other.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 2000 A Bond or a Series 2000 B 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, and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Series 2000 A Bond or a Series 2000 B Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Series 2000 A Bonds and the Series 2000 B Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Series 2000 A Bonds and the Series 2000 B 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 Series 2000 A Bonds and the Series 2000 B Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character

belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of 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 BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2000 A Bonds and the Series 2000 B Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2000 A Bonds and the Series 2000 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2000 A Bonds and the Series 2000 B Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2000 A Bonds and the Series 2000 B Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2000 A Bonds and the Series 2000 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2000 A Bonds and the Series 2000 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2000 A Bonds and the Series 2000 B Bonds, required for consent to the above-permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2000 A Bonds and the Series 2000 B Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2000 A Bonds and the Series 2000 B Bonds.

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

Section 11.05. Notices. All notices to be sent to the Issuer, the Company, the Authority, the BPH or the Council shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

Boone County Public Service District
Post Office Box 287
Danville, West Virginia 25053
Attention: Chairman

COMPANY:

West Virginia-American Water Company
P. O. Box 1906
Charleston, West Virginia 25327-1906
Attention: President

AUTHORITY:

Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571
Attention: Director

BPH:

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, West Virginia 25301
Attention: Environmental Engineering

COUNCIL:

West Virginia Infrastructure Council
980 One Valley Square
Charleston, West Virginia 25301
Attention: Executive Secretary

All notices to be sent to the Issuer hereunder shall also be sent to the Company, and all notices to be sent to the BPH or the Council hereunder, shall also be sent to the Authority.

Section 11.06. Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

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

Adopted this April 24, 2000.

Chairman Gayle Rose

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of BOONE COUNTY PUBLIC SERVICE DISTRICT on April 24, 2000.

Dated: April 26, 2000.

[SEAL]

Richard Browning
Secretary

04/11/00
091620/99001

EXHIBIT A

Loan Agreements included in bond transcript as Documents 3 and 4.

BOONE COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia DWTRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM) AND WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF BOONE COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING LETTERS OF CREDIT TO ADDITIONALLY SECURE THE BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Boone County Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective April 24, 2000 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF BOONE COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $2,130,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), AND NOT MORE THAN $4,909,161 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING

FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance of Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program) and Series 2000 B (West Virginia Infrastructure Fund) of the Issuer (collectively, the "Bonds" and individually, the "Series 2000 A Bonds" and the "Series 2000 B Bonds"), in the respective aggregate principal amounts not to exceed $2,130,000 and $4,909,161, and has authorized the execution and delivery of the loan agreement relating to the Series 2000 A Bonds, 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") and the loan agreement relating to the Series 2000 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreement), all in accordance with Chapter 16, Article 13A, Chapter 16, Article 13C and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Issuer has determined it desirable to purchase from One Valley Bank, National Association, Charleston, West Virginia, and the Company has agreed to pay for such purchase, a Letter of Credit, No. 00-027, dated April 26, 2000, in the amount of $142,000 (the "Series 2000 A Letter of Credit"), and a Letter of Credit, No. 00-025, dated April 26, 2000, in the amount of $253,377 (the "Series 2000 B Letter of Credit" and, collectively with the Series 2000 A Letter of Credit, the "Letter of Credit") to fund the respective Reserve Accounts for the Bonds;

WHEREAS, the Loan Agreement and the Letter of Credit have been presented to the Issuer at this meeting;

WHEREAS, the Bonds are 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 entered into by the Issuer, that the Letter of Credit be approved, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF BOONE COUNTY PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. The Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $2,130,000. The Series 2000 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2031, and shall bear no interest. The principal of the Series 2000 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, and ending June 1, 2031, and 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 2000 A Bonds. The Series 2000 A Bonds 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 2000 A Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1% of the principal amount of the Series 2000 A Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

B. The Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $4,909,161. The Series 2000 B Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2040, and shall bear no interest. The

principal of the Series 2000 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, and ending March 1, 2040, and 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 2000 B Bonds. The Series 2000 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, 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 2000 B Bonds.

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

Section 3. The Issuer does hereby authorize, ratify, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the BPH, the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon; provided that, the proceeds of the Bonds will be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby approve the Letter of Credit and the issuance of the Letter of Credit to fund the respective Reserve Accounts for the Bonds, and hereby agrees that the Authority may hereafter require that the Reserve Accounts be funded in the amounts required under the Resolution and the Loan Agreement in the event the Letter of Credit is reduced or terminated.

Section 5. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 6. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Resolution.

Section 7. The Issuer does hereby appoint and designate Boone County Bank, Inc., Madison, West Virginia, to serve as Depository Bank under the Resolution.

Section 8. Series 2000 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2000 A Bonds Sinking Fund as capitalized interest.

Section 9. Series 2000 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2000 B Bonds Sinking Fund as capitalized interest.

Section 10. Series 2000 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2000 A Bonds Reserve Account. The Series 2000 A Bonds Reserve Account shall be funded with the Series 2000 A Letter of Credit in the stated amount of $142,000.

Section 11. Series 2000 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2000 B Bonds Reserve Account. The Series 2000 B Bonds Reserve Account shall be funded with the Series 2000 B Letter of Credit in the stated amount of $253,377.

Section 12. The balance of the proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds shall be deposited in or credited to the Series 2000 Bonds Construction Trust Fund as received from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2000 A Bonds and the Series 2000 B Bonds and related costs.

Section 13. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about April 26, 2000.

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

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

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 24th day of April, 2000.

Chairman Lyle Roy

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of BOONE COUNTY PUBLIC SERVICE DISTRICT on the 24th day of April, 2000.

Dated: April 26, 2000.

[SEAL]

Richard Browning
Secretary

04/19/00
091620/99001

CH592441.2

DWTRF
(4/7/00)

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").

BOONE COUNTY PUBLIC SERVICE DISTRICT
(Local Entity)

W I T N E S S E T H:

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 §66.458 (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 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 "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.

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

1.5 "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.

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

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

1.8 "Program" means the 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.

1.9 "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.

1.10 "DWTRF Regulations" means the regulations set forth in the West Virginia Code of State Regulations.

1.11 "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.

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the 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 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, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority 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 require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the DWTRF Regulations, to BPH when the Project is 90% completed. 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 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 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 laws, rules and regulations 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 construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit A and incorporated herein by reference, and forward a copy by the 10th of each month to BPH.

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.

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 and the procedures as to the disbursement of loan proceeds, including an estimated monthly draw schedule;

(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 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; and

(j) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority 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.

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.

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

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"), 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 and BPH;

(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 and BPH. If the Local Entity receives $300,000 or more (in 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 the Local Entity is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that 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 and BPH 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 Authority and 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;

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the 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 "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 five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the Authority monthly as required by the Local 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 Section 4.2 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Local Entity hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Entity, the Authority 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 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 any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

6.5 Notwithstanding Section 6.4, the Authority and BPH 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 and BPH 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 and BPH upon completion of acquisition and construction of the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

7.1 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 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.

BOONE COUNTY PUBLIC SERVICE DISTRICT

(SEAL)

By: Kyle Ray
Its: Chairman

Attest:

Date: April 18, 2000.

Richard Browning
Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: David B. Lyon
Its: Director

Attest:

Date: April 17, 2000

Barbara B Meadows
Secretary-Treasurer

EXHIBIT A

[Form of Monthly Financial Report]
[Name of Local Entity]
[Name of Bond Issue]
Fiscal Year - _____
Report Month: _____

ITEM	CURRENT MONTH	TOTAL YEAR TO DATE	BUDGET YEAR TO DATE	BUDGET YEAR MINUS YEAR TO DATE
1. Gross Revenues Collected				
2. Operating Expenses				
3. Other Bond Debt Payments (including Reserve Account Deposits)				
4. DWTRF Bond Payments (include Reserve Account Deposits)				
5. Renewal and Replacement Fund Deposit				

Witnesseth my signature this ____ day of _____, _____.

_____
[Name of Local Entity]

By: _____
Authorized Officer

Instructions for Completing Monthly Financial Report

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 (1200/12). This is the incremental amount for the Budget Year to Date column.

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

3. In Item 3, provide the principal, interest and reserve account payments for all the outstanding bonds of the Local Entity other than this Loan.

4. In Item 4, provide the principal, interest and reserve account payments for this Loan. You need to call the Municipal Bond Commission for the exact amount of these payments and when they begin.

5. In Item 5, provide the amount deposited into the Renewal and Replacement Fund each month. This amount is equal to 2.5% of gross revenues minus the total reserve account payments included in Items 3 and 4. If gross revenues are $12,000, the Renewal and Replacement Fund should have an amount of $300 (2.5% of $12,000). LESS the amount of all reserve account payments in Items 3 & 4. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Entity.

6. The Local Entity must complete the Monthly Financial Report and forward it to the BPH by the 10th day of each month, commencing on the date contracts are executed for the construction of the Project and for 2 years following the completion of the Project. BPH will notify the Local Entity when the Monthly Financial Report no longer needs to be filed.

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 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 A attached hereto as Exhibit A, and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been

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

verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the 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 thereof[2], the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by BPH; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - 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. _____

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

EXHIBIT D

Special Conditions

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.

EXHIBIT E

[Monthly Payment Form]

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311-1511

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
180 Association Drive
Charleston, WV 25311-1511

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, WV 25301-2616

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 and 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	$2,130,000
Purchase Price of Local Bonds	$2,130,000

The Local Bonds shall bear no interest. Commencing June 1, 2001, 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. 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.

A letter of credit shall be obtained by the Local Entity or by West Virginia-American Water Company, on behalf of the Local Entity, from a commercial bank for the benefit of the Commission in an amount equal to two (2) years debt service (the "Letter of Credit") to fund the Reserve Account. So long as the Letter of Credit is in effect, the debt service reserve account requirement and the renewal and replacement fund requirement in Sections 4.1(a)(ii) and (iii) of the Loan Agreement shall be waived.

So long as the Agreement, dated October 28, 1996, as amended, between the Local Entity and West Virginia-American Water Company is in effect, the rate coverage requirement of Section 4.1(b)(ii) of the Loan Agreement shall be waived.

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:

Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated the date hereof, issued concurrently in the original principal amount of $4,909,161.

Boone County Public Service District (West Virginia)

DWTRF Loan of $2,130,000
30 Years, 0% Interest Rate, 1% Administrative Fee
Closing Date: April 26, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2000	-	-	-
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	17,750.00	-	17,750.00
12/01/2001	17,750.00	-	17,750.00
3/01/2002	17,750.00	-	17,750.00
6/01/2002	17,750.00	-	17,750.00
9/01/2002	17,750.00	-	17,750.00
12/01/2002	17,750.00	-	17,750.00
3/01/2003	17,750.00	-	17,750.00
6/01/2003	17,750.00	-	17,750.00
9/01/2003	17,750.00	-	17,750.00
12/01/2003	17,750.00	-	17,750.00
3/01/2004	17,750.00	-	17,750.00
6/01/2004	17,750.00	-	17,750.00
9/01/2004	17,750.00	-	17,750.00
12/01/2004	17,750.00	-	17,750.00
3/01/2005	17,750.00	-	17,750.00
6/01/2005	17,750.00	-	17,750.00
9/01/2005	17,750.00	-	17,750.00
12/01/2005	17,750.00	-	17,750.00
3/01/2006	17,750.00	-	17,750.00
6/01/2006	17,750.00	-	17,750.00
9/01/2006	17,750.00	-	17,750.00
12/01/2006	17,750.00	-	17,750.00
3/01/2007	17,750.00	-	17,750.00
6/01/2007	17,750.00	-	17,750.00
9/01/2007	17,750.00	-	17,750.00
12/01/2007	17,750.00	-	17,750.00
3/01/2008	17,750.00	-	17,750.00
6/01/2008	17,750.00	-	17,750.00
9/01/2008	17,750.00	-	17,750.00
12/01/2008	17,750.00	-	17,750.00
3/01/2009	17,750.00	-	17,750.00
6/01/2009	17,750.00	-	17,750.00
9/01/2009	17,750.00	-	17,750.00
12/01/2009	17,750.00	-	17,750.00
3/01/2010	17,750.00	-	17,750.00
6/01/2010	17,750.00	-	17,750.00
9/01/2010	17,750.00	-	17,750.00
12/01/2010	17,750.00	-	17,750.00
3/01/2011	17,750.00	-	17,750.00
6/01/2011	17,750.00	-	17,750.00
9/01/2011	17,750.00	-	17,750.00

Boone County Public Service District (West Virginia)

DWTRF Loan of $2,130,000
30 Years, 0% Interest Rate, 1% Administrative Fee
Closing Date: April 26, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2011	17,750.00	-	17,750.00
3/01/2012	17,750.00	-	17,750.00
6/01/2012	17,750.00	-	17,750.00
9/01/2012	17,750.00	-	17,750.00
12/01/2012	17,750.00	-	17,750.00
3/01/2013	17,750.00	-	17,750.00
6/01/2013	17,750.00	-	17,750.00
9/01/2013	17,750.00	-	17,750.00
12/01/2013	17,750.00	-	17,750.00
3/01/2014	17,750.00	-	17,750.00
6/01/2014	17,750.00	-	17,750.00
9/01/2014	17,750.00	-	17,750.00
12/01/2014	17,750.00	-	17,750.00
3/01/2015	17,750.00	-	17,750.00
6/01/2015	17,750.00	-	17,750.00
9/01/2015	17,750.00	-	17,750.00
12/01/2015	17,750.00	-	17,750.00
3/01/2016	17,750.00	-	17,750.00
6/01/2016	17,750.00	-	17,750.00
9/01/2016	17,750.00	-	17,750.00
12/01/2016	17,750.00	-	17,750.00
3/01/2017	17,750.00	-	17,750.00
6/01/2017	17,750.00	-	17,750.00
9/01/2017	17,750.00	-	17,750.00
12/01/2017	17,750.00	-	17,750.00
3/01/2018	17,750.00	-	17,750.00
6/01/2018	17,750.00	-	17,750.00
9/01/2018	17,750.00	-	17,750.00
12/01/2018	17,750.00	-	17,750.00
3/01/2019	17,750.00	-	17,750.00
6/01/2019	17,750.00	-	17,750.00
9/01/2019	17,750.00	-	17,750.00
12/01/2019	17,750.00	-	17,750.00
3/01/2020	17,750.00	-	17,750.00
6/01/2020	17,750.00	-	17,750.00
9/01/2020	17,750.00	-	17,750.00
12/01/2020	17,750.00	-	17,750.00
3/01/2021	17,750.00	-	17,750.00
6/01/2021	17,750.00	-	17,750.00
9/01/2021	17,750.00	-	17,750.00
12/01/2021	17,750.00	-	17,750.00
3/01/2022	17,750.00	-	17,750.00
6/01/2022	17,750.00	-	17,750.00
9/01/2022	17,750.00	-	17,750.00
12/01/2022	17,750.00	-	17,750.00
3/01/2023	17,750.00	-	17,750.00

Boone County Public Service District (West Virginia)

DWTRF Loan of $2,130,000
30 Years, 0% Interest Rate, 1% Administrative Fee
Closing Date: April 26, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2023	17,750.00	-	17,750.00
9/01/2023	17,750.00	-	17,750.00
12/01/2023	17,750.00	-	17,750.00
3/01/2024	17,750.00	-	17,750.00
6/01/2024	17,750.00	-	17,750.00
9/01/2024	17,750.00	-	17,750.00
12/01/2024	17,750.00	-	17,750.00
3/01/2025	17,750.00	-	17,750.00
6/01/2025	17,750.00	-	17,750.00
9/01/2025	17,750.00	-	17,750.00
12/01/2025	17,750.00	-	17,750.00
3/01/2026	17,750.00	-	17,750.00
6/01/2026	17,750.00	-	17,750.00
9/01/2026	17,750.00	-	17,750.00
12/01/2026	17,750.00	-	17,750.00
3/01/2027	17,750.00	-	17,750.00
6/01/2027	17,750.00	-	17,750.00
9/01/2027	17,750.00	-	17,750.00
12/01/2027	17,750.00	-	17,750.00
3/01/2028	17,750.00	-	17,750.00
6/01/2028	17,750.00	-	17,750.00
9/01/2028	17,750.00	-	17,750.00
12/01/2028	17,750.00	-	17,750.00
3/01/2029	17,750.00	-	17,750.00
6/01/2029	17,750.00	-	17,750.00
9/01/2029	17,750.00	-	17,750.00
12/01/2029	17,750.00	-	17,750.00
3/01/2030	17,750.00	-	17,750.00
6/01/2030	17,750.00	-	17,750.00
9/01/2030	17,750.00	-	17,750.00
12/01/2030	17,750.00	-	17,750.00
3/01/2031	17,750.00	-	17,750.00
6/01/2031	17,750.00	-	17,750.00
Total	2,130,000.00	-	2,130,000.00 *

*Plus one-percent administrative fee of $2,684.69 paid quarterly. The total fee paid over the life of the loan is $322,162.80.

IC-1
(4/6/00)

LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and the governmental agency designated below (the "Governmental Agency").

BOONE COUNTY PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together,

as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

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

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

ARTICLE I

Definitions

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

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

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Division of Environmental Protection, or any successor thereto.

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall

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

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

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of this Loan Agreement.

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

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

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3)

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

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues of the System, as more fully set forth in Schedule X attached hereto and in the Local Act;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xx) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

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

(xxii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

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

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to

any program document distributed in conjunction with any groundbreaking or dedication of the Project.

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

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

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

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

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

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

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that.

as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

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

5.3 In the event the Governmental Agency defaults in the payment due to the Authority pursuant to Section 4.2 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

7.4 If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement, and this Loan Agreement

shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

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

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

(ii) termination by the Authority pursuant to Section 6.1 hereof; or

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

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.

BOONE COUNTY PUBLIC SERVICE DISTRICT

(SEAL)

By: Lyle Cox
Its: Chairman

Attest:

Date: April 18, 2000

Richard Bowning
Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Yankoski
Its: Director

Date: April 17, 2000

Attest:

Barbara B Meadows
Secretary-Treasurer

00832/00466
4/7/00

M0310341.1

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan

of financing set forth in the Schedule B attached hereto as Exhibit A and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof, [2]the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule B attached hereto and approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
980 One Valley Square
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

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

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

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior

to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

[Form of Monthly Financial Report]
[Name of Governmental Agency]
[Name of Bond Issue]
Fiscal Year - __
Report Month: _____

ITEM	CURRENT MONTH	TOTAL YEAR TO DATE	BUDGET YEAR TO DATE	BUDGET YEAR MINUS YEAR TO DATE
1. Gross Revenues Collected				
2. Operating Expenses				
3. Other Bond Debt Payments (including Reserve Account Deposits)				
4. Bond Payments (include Reserve Account Deposits)				
5. Renewal and Replacement Fund Deposit				

Witnesseth my signature this ___ day of _____, _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Instructions for Completing Monthly Financial Report

1. You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual gross revenues for the current month and the total amount year to date in the respective columns. Divide the budgeted annual gross revenues by 12. For example, if gross revenues of $1,200 are anticipated to be received for the year, each month the base would be increased by $100 (1200/12). This is the incremental amount for the Budget Year to Date column.

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

3. In Item 3, provide the principal, interest and reserve account payments for all the outstanding bonds of the Governmental Agency other than this Loan.

4. In Item 4, provide the principal, interest and reserve account payments for this Loan. You need to call the Municipal Bond Commission for the exact amount of these payments and when they begin.

5. In Item 5, provide the amount deposited into the Renewal and Replacement Fund each month. This amount is equal to 2.5% of gross revenues minus the total reserve account payments included in Items 3 and 4. If gross revenues are $12.000, the Renewal and Replacement Fund should have an amount of $300 (2.5% of $12,000), LESS the amount of all reserve account payments in Items 3 & 4. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

6. The Governmental Agency must complete the Monthly Financial Report and forward it to the Council by the 10th day of each month, commencing on the date contracts are executed for the construction of the Project and for 2 years following the completion of the Project. The Council will notify the Governmental Agency when the Monthly Financial Report no longer needs to be filed.

EXHIBIT D

[Monthly Payment Form]

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

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Name of Governmental Agency] on [Date].

Sinking Fund:

Interest	$____
Principal	$____
Total:	$____
Reserve Account:	$____

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$ 4,909,161
Purchase Price of Local Bonds	$ 4,909,161

The Local Bonds shall bear no interest. Commencing September 1, 2001, principal of the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

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

Water Revenue Bonds, Series 2000 A (West Virginia Drinking Water Treatment Revolving Fund), dated the date hereof, issued concurrently in the original principal amount of $2.130.000.

Boone County Public Service District (West Virginia)

Loan of $4,909,161
40 Years, 0% Interest Rate
Closing Date: April 26, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2000	-	-	-
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	31,673.00	-	31,673.00
12/01/2001	31,672.00	-	31,672.00
3/01/2002	31,672.00	-	31,672.00
6/01/2002	31,672.00	-	31,672.00
9/01/2002	31,672.00	-	31,672.00
12/01/2002	31,672.00	-	31,672.00
3/01/2003	31,672.00	-	31,672.00
6/01/2003	31,672.00	-	31,672.00
9/01/2003	31,672.00	-	31,672.00
12/01/2003	31,672.00	-	31,672.00
3/01/2004	31,672.00	-	31,672.00
6/01/2004	31,672.00	-	31,672.00
9/01/2004	31,672.00	-	31,672.00
12/01/2004	31,672.00	-	31,672.00
3/01/2005	31,672.00	-	31,672.00
6/01/2005	31,672.00	-	31,672.00
9/01/2005	31,672.00	-	31,672.00
12/01/2005	31,672.00	-	31,672.00
3/01/2006	31,672.00	-	31,672.00
6/01/2006	31,672.00	-	31,672.00
9/01/2006	31,672.00	-	31,672.00
12/01/2006	31,672.00	-	31,672.00
3/01/2007	31,672.00	-	31,672.00
6/01/2007	31,672.00	-	31,672.00
9/01/2007	31,672.00	-	31,672.00
12/01/2007	31,672.00	-	31,672.00
3/01/2008	31,672.00	-	31,672.00
6/01/2008	31,672.00	-	31,672.00
9/01/2008	31,672.00	-	31,672.00
12/01/2008	31,672.00	-	31,672.00
3/01/2009	31,672.00	-	31,672.00
6/01/2009	31,672.00	-	31,672.00
9/01/2009	31,672.00	-	31,672.00
12/01/2009	31,672.00	-	31,672.00
3/01/2010	31,672.00	-	31,672.00
6/01/2010	31,672.00	-	31,672.00
9/01/2010	31,672.00	-	31,672.00
12/01/2010	31,672.00	-	31,672.00
3/01/2011	31,672.00	-	31,672.00
6/01/2011	31,672.00	-	31,672.00
9/01/2011	31,672.00	-	31,672.00

Boone County Public Service District (West Virginia)

Loan of $4,909,161
40 Years, 0% Interest Rate
Closing Date: April 26, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2011	31,672.00	-	31,672.00
3/01/2012	31,672.00	-	31,672.00
6/01/2012	31,672.00	-	31,672.00
9/01/2012	31,672.00	-	31,672.00
12/01/2012	31,672.00	-	31,672.00
3/01/2013	31,672.00	-	31,672.00
6/01/2013	31,672.00	-	31,672.00
9/01/2013	31,672.00	-	31,672.00
12/01/2013	31,672.00	-	31,672.00
3/01/2014	31,672.00	-	31,672.00
6/01/2014	31,672.00	-	31,672.00
9/01/2014	31,672.00	-	31,672.00
12/01/2014	31,672.00	-	31,672.00
3/01/2015	31,672.00	-	31,672.00
6/01/2015	31,672.00	-	31,672.00
9/01/2015	31,672.00	-	31,672.00
12/01/2015	31,672.00	-	31,672.00
3/01/2016	31,672.00	-	31,672.00
6/01/2016	31,672.00	-	31,672.00
9/01/2016	31,672.00	-	31,672.00
12/01/2016	31,672.00	-	31,672.00
3/01/2017	31,672.00	-	31,672.00
6/01/2017	31,672.00	-	31,672.00
9/01/2017	31,672.00	-	31,672.00
12/01/2017	31,672.00	-	31,672.00
3/01/2018	31,672.00	-	31,672.00
6/01/2018	31,672.00	-	31,672.00
9/01/2018	31,672.00	-	31,672.00
12/01/2018	31,672.00	-	31,672.00
3/01/2019	31,672.00	-	31,672.00
6/01/2019	31,672.00	-	31,672.00
9/01/2019	31,672.00	-	31,672.00
12/01/2019	31,672.00	-	31,672.00
3/01/2020	31,672.00	-	31,672.00
6/01/2020	31,672.00	-	31,672.00
9/01/2020	31,672.00	-	31,672.00
12/01/2020	31,672.00	-	31,672.00
3/01/2021	31,672.00	-	31,672.00
6/01/2021	31,672.00	-	31,672.00
9/01/2021	31,672.00	-	31,672.00
12/01/2021	31,672.00	-	31,672.00
3/01/2022	31,672.00	-	31,672.00
6/01/2022	31,672.00	-	31,672.00
9/01/2022	31,672.00	-	31,672.00
12/01/2022	31,672.00	-	31,672.00
3/01/2023	31,672.00	-	31,672.00

Boone County Public Service District (West Virginia)

Loan of $4,909,161
40 Years, 0% Interest Rate
Closing Date: April 26, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2023	31,672.00	-	31,672.00
9/01/2023	31,672.00	-	31,672.00
12/01/2023	31,672.00	-	31,672.00
3/01/2024	31,672.00	-	31,672.00
6/01/2024	31,672.00	-	31,672.00
9/01/2024	31,672.00	-	31,672.00
12/01/2024	31,672.00	-	31,672.00
3/01/2025	31,672.00	-	31,672.00
6/01/2025	31,672.00	-	31,672.00
9/01/2025	31,672.00	-	31,672.00
12/01/2025	31,672.00	-	31,672.00
3/01/2026	31,672.00	-	31,672.00
6/01/2026	31,672.00	-	31,672.00
9/01/2026	31,672.00	-	31,672.00
12/01/2026	31,672.00	-	31,672.00
3/01/2027	31,672.00	-	31,672.00
6/01/2027	31,672.00	-	31,672.00
9/01/2027	31,672.00	-	31,672.00
12/01/2027	31,672.00	-	31,672.00
3/01/2028	31,672.00	-	31,672.00
6/01/2028	31,672.00	-	31,672.00
9/01/2028	31,672.00	-	31,672.00
12/01/2028	31,672.00	-	31,672.00
3/01/2029	31,672.00	-	31,672.00
6/01/2029	31,672.00	-	31,672.00
9/01/2029	31,672.00	-	31,672.00
12/01/2029	31,672.00	-	31,672.00
3/01/2030	31,672.00	-	31,672.00
6/01/2030	31,672.00	-	31,672.00
9/01/2030	31,672.00	-	31,672.00
12/01/2030	31,672.00	-	31,672.00
3/01/2031	31,672.00	-	31,672.00
6/01/2031	31,672.00	-	31,672.00
9/01/2031	31,672.00	-	31,672.00
12/01/2031	31,672.00	-	31,672.00
3/01/2032	31,672.00	-	31,672.00
6/01/2032	31,672.00	-	31,672.00
9/01/2032	31,672.00	-	31,672.00
12/01/2032	31,672.00	-	31,672.00
3/01/2033	31,672.00	-	31,672.00
6/01/2033	31,672.00	-	31,672.00
9/01/2033	31,672.00	-	31,672.00
12/01/2033	31,672.00	-	31,672.00
3/01/2034	31,672.00	-	31,672.00
6/01/2034	31,672.00	-	31,672.00
9/01/2034	31,672.00	-	31,672.00

Boone County Public Service District (West Virginia)

Loan of $4,909,161
40 Years, 0% Interest Rate
Closing Date: April 26, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2034	31,672.00	-	31,672.00
3/01/2035	31,672.00	-	31,672.00
6/01/2035	31,672.00	-	31,672.00
9/01/2035	31,672.00	-	31,672.00
12/01/2035	31,672.00	-	31,672.00
3/01/2036	31,672.00	-	31,672.00
6/01/2036	31,672.00	-	31,672.00
9/01/2036	31,672.00	-	31,672.00
12/01/2036	31,672.00	-	31,672.00
3/01/2037	31,672.00	-	31,672.00
6/01/2037	31,672.00	-	31,672.00
9/01/2037	31,672.00	-	31,672.00
12/01/2037	31,672.00	-	31,672.00
3/01/2038	31,672.00	-	31,672.00
6/01/2038	31,672.00	-	31,672.00
9/01/2038	31,672.00	-	31,672.00
12/01/2038	31,672.00	-	31,672.00
3/01/2039	31,672.00	-	31,672.00
6/01/2039	31,672.00	-	31,672.00
9/01/2039	31,672.00	-	31,672.00
12/01/2039	31,672.00	-	31,672.00
3/01/2040	31,672.00	-	31,672.00
Total	4,909,161.00	-	4,909,161.00

YIELD STATISTICS

Bond Year Dollars	$101,115.06
Average Life	20.597 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	8.70E-11
Bond Yield for Arbitrage Purposes	8.70E-11
All Inclusive Cost (AIC)	8.70E-11

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	20.597 Years

SCHEDULE Z

MODIFICATIONS AND ADDITIONAL PROVISIONS TO THE LOAN AGREEMENT

1. A letter of credit shall be obtained by the Governmental Agency or by West Virginia-American Water Company, on behalf of the Governmental Agency, from a commercial bank for the benefit of the Commission in an amount equal to two (2) years debt service (the "Letter of Credit") to fund the Reserve Account. So long as the Letter of Credit is in effect, the debt service reserve account requirement and the renewal and replacement fund requirement in Sections 4.1(a)(ii) and (iii) of the Loan Agreement shall be waived.

2. So long as the Agreement, dated October 28, 1996, as amended, between the Governmental Agency and West Virginia-American Water Company is in effect, the rate coverage requirement of Section 4.1(b)(ii) of the Loan Agreement shall be waived.

990108alj070899.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
7-16-99
By Commission
Order waiving

Entered: July 8, 1999

CASE NO. 99-0108-PSWD-PC

BOONE COUNTY COMMISSION
Petition for consent and approval for the consolidation of Coal River Public Service District, Van Public Service District and Danville Public Service District with Boone County Public Service District.

RECOMMENDED DECISION

On December 23, 1998, the Boone County Commission filed a petition requesting Public Service Commission approval of the consolidation of the Coal River, Van and Danville Public Service Districts with the Boone County Public Service District.

By Order dated February 1, 1999, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before July 14, 1999.

On April 14, 1999, Staff Attorney Meyishi Blair filed the Final Joint Staff Memorandum in which Staff recommended that this case be set for hearing in order to fulfill the statutory requirements of West Virginia Code §16-13A-2, in both Boone and Logan Counties, since the Boone County Public Service District will encompass all of Boone County, except the area served by the Boone-Raleigh Public Service District. A small portion of the existing area of the Boone County Public Service District extends into Logan County.

By Order dated April 20, 1999, this matter was set for hearings to be held in both Boone and Logan County. A hearing was scheduled to be held in the County Commission Chambers, Boone County Courthouse Annex, Madison, West Virginia, on May 19, 1999, at 10:00 a.m. A hearing was also scheduled to be held in Logan County, in the County Commission's Meeting Room, Room 104, Logan County Courthouse, Logan, West Virginia, on May 19, 1999, at 1:00 p.m.

The Order of April 20, 1999, required the Boone County Commission to give notice of the hearings to be held in this matter on May 19, 1999, by publishing a copy of a Notice of Hearing, once, in a newspaper, duly

qualified by the Secretary of State, published and of general circulation in Boone and Logan Counties.

The hearings were held as scheduled in both Boone and Logan Counties.

At the hearing held in Boone County, Commissioner Gordon Everole appeared on behalf of the Boone County Commission. Staff was represented by Ms. Meyishi Blair. No one appeared in protest to the petition.

Ms. Carma Mahone was called as a witness by Staff.

Ms. Mahone is the Assistant County Administrator for the Boone County Commission. She explained that, on April 20, 1999, some documentation was filed with the Public Service Commission, including affidavits substantiating that the posting and the publication of the public hearing, as required by West Virginia Code §§16-13A-2c, d and g, had been done properly. Staff opined that, upon review of the documents submitted, it appears they substantially comply with the required documentation. Ms. Mahone further explained that the publication of the Notice of Hearing was made in The Coal River News, which, while published in Boone County, is also considered to be a newspaper of general circulation in Logan County, as it has under distribution in Logan County. Ms. Blair represented that it was her understanding that, in a prior Boone County Commission case, Case No. 98-0464-PWD-PC, the same public service districts were enlarged and merged for water only. At that time and for the purposes of publication, The Coal Valley News was used as a newspaper of general circulation in Logan County, as well as Boone County. With the testimony of Ms. Mahone, no further evidence was presented by Staff and the matter was submitted for a decision. (Boone County Tr., pp. 5-9).

At the hearing held in Logan County, Commission Staff was represented by Ms. Blair. The Affidavit of Publication introduced at the Boone County hearing was accepted as being an affidavit for Logan County, as was established by Ms. Mahone in her testimony at the Boone County hearing. No one appeared in protest and the case was submitted for a decision. (See, Logan County, Tr., pp. 4-5).

FINDINGS OF FACT

1. On December 23, 1998, the Boone County Commission filed a petition requesting Public Service Commission approval of its proposed consolidation of the Coal River, Van and Danville Public Service Districts with the Boone County Public Service District. (See, Petition).

2. On April 14, 1999, Staff Attorney Meyishi Blair filed the Final Joint Staff Memorandum in which Staff recommended that the case be set for hearings in both Boone and Logan Counties, since the Boone County Public Service District will encompass all of Boone County, except the

area served by the Boone-Raleigh Public Service District. A small portion of the existing territory of the Boone County Public Service District extends into Logan County. Staff Attorney Meyishi Blair represented that, in Case No. 98-0464-PWD-PC dealing with a similar issue, the Public Service Commission approved action based upon publication in the Coal Valley News for providing notice in Logan County. (See, Staff Memorandum filed April 14, 1999).

3. In an Order dated April 20, 1999, this matter was set for hearings to be held in both Boone and Logan Counties on May 19, 1999, beginning at 10:00 a.m. and 1:00 p.m., respectively. Said Order also provided that the Boone County Commission publish a Notice of Hearing, once, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Boone County. (See, Order dated April 20, 1999).

4. The hearings were held as scheduled on May 19, 1999, in both Boone and Logan Counties. (See, Transcripts, case file).

5. At the hearing held in Boone County, an Affidavit of Publication was received reflecting that publication was made in accordance with the Commission's requirements in Boone County. (See, Boone County Tr., p. 7).

6. Carma Mahone, Assistant Administrator for the Boone County Commission, testified that The Coal Valley News, in which publication of the Notice of Hearing was made, had been determined at an earlier Public Service Commission hearing to be a newspaper of general circulation in Logan County, as well as Boone County.

7. Staff Attorney Meyishi Blair represented that, in Case No. 98-0464-PWD-PC, which involved the same public service districts, the Coal Valley News had been used as a newspaper of general circulation in both Boone and Logan Counties and this was accepted by the Commission. (See, Boone County Tr., p. 8).

8. No one appeared at the hearings held in Boone or Logan Counties to protest the petition. (See, Boone County Tr., p. 9, and Logan County Tr., p. 5).

CONCLUSIONS OF LAW

1. Since, in Case No. 98-0464-PWD-PC[1], the Commission approved a petition of the Boone County Commission, using only The Coal Valley News

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[1] Case No. 98-0464-PWD-PC was also a Boone County Commission case involving both Boone and Logan Counties. At the hearing, Staff represented that the Coal Valley News had been used for publication in both counties. The Commission's Order of June 18, 1998, approved the Boone County petition indicating that publication had been made in Boone and Logan Counties and no one protested.

APPENDIX A

BOONE COUNTY COMMISSION

CASE NO. 99-0108-PSWD-PC

STAFF-RECOMMENDATIONS

1. The cash assets of the Van Public Service District and Danville Public Service District, other than restricted bond reserve, shall be placed in an interest bearing account for repairs, replacements and extensions to Van Public Service District and Danville Public Service District.

2. The Boone County Public Service District shall adopt the Van Public Service District and Danville Public Service District tariffs and continue to charge their customers by these tariffs. The Boone County Public Service District shall maintain a separate financial and statistical account of each District's operations.

3. After all financial obligations of Van Public Service District and Danville Public Service District are met, any surplus cash shall be deposited into the restricted cash account as set forth in Staff Recommendation No. 1.

4. The Boone County Public Service District shall file a rate case after 18 months of consolidated operation so that the Public Service Commission can determine an adequate rate structure for the consolidated utility.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 9th day of December, 1999.

CASE NO. 96-1338-W-PWD-CN

WEST VIRGINIA-AMERICAN WATER COMPANY,
COUNTY COMMISSION OF BOONE COUNTY, and
DANVILLE PUBLIC SERVICE DISTRICT.

Joint application for consent and approval of the related transactions and certain ratemaking treatment, and for certificate of convenience and necessity for the construction of facilities.

COMMISSION ORDER

PROCEDURE AND DISCUSSION

On October 29, 1996, West Virginia-American Water Company (Company), Boone County Public Service District (District) and the Boone County Commission (County Commission) filed with the Commission a Joint Application for Consent and Approval of the Related Transactions and Certain Ratemaking Treatment and for Certificates of Convenience and Necessity for the Construction of Facilities (Joint Application) for the Boone County Regional Water Supply Project (the Boone County Project).

The Commission, by various Commission Orders, including the Orders dated October 17, 1997, March 11, 1999, and May 3, 1999, approved the Boone County Project, which was the subject of the Joint Application, and certain affiliated cases involving Van Public Service District, Coal River Public Service District, and Spruce Fork Public Service District, as well as certain ratemaking approaches for the Company in connection with the Boone County Project.

On October 15, 1999, the Company, the County Commission and the District filed a request for a further order specifically approving a revised funding scenario for the Boone County Project and amendments to the operation and maintenance agreement. Due to an increase in the total project cost from $27,700,000 to $31,956,000, the parties have devised the following new funding plan:

Boone County PSD			
1.	Grants		
	a.	Abandoned Mine Land Grant	$ 1,621,503
	b.	Appalachian Regional Commission Grant	1,000,000
	c.	DEP Coal Mitigation	1,200,000
	d.	Economic Development Administration Grant	960,000
	e.	Governor's Office Grant	1,000,000
	f.	Small Cities Grant	1,250,000
2.	Loans		
	a.	Drinking Water Revolving Fund (0%, 30 years, 1% admin. fee)	2,130,000
	b.	WVIJDC (0%, 40 years)	5,444,097
West Virginia-American Water			17,350,149
			$ 31,955,749

The Company contends the increase in cost is due to the difference between the planning estimates as previously submitted and the now-completed design estimates. The change in funding does not affect the nature or scope of the project as approved on October 17, 1997. The amendments to the operation and maintenance agreement are intended to conform that agreement to the revised funding plan.

On November 15, 1999, Commission Staff filed its Final and Joint Staff Memorandum recommending the Company's petition be granted.

Upon review of the submitted petition and proposed changes to the funding of the Boone County Project and amendments relating thereto, the Commission finds it reasonable to reopen this case, and grant the requested relief.

FINDINGS OF FACT

1. On October 29, 1996, West Virginia-American Water Company (Company), Boone County Public Service District (District) and the Boone County Commission (County Commission) filed with the Commission a Joint Application for Consent and Approval of the Related Transactions and Certain Ratemaking Treatment and for Certificates of Convenience and Necessity for the Construction of Facilities (Joint Application) for the Boone County Regional Water Supply Project (the Boone County Project).

Public Service Commission
of West Virginia
Charleston

2. The Commission, by various Commission Orders, including the Orders dated October 17, 1997, March 11, 1999, and May 3, 1999, approved the Boone County Project which was the subject of the Joint Application and certain affiliated cases involving Van Public Service District, Coal River Public Service District, and Spruce Fork Public Service District, as well as certain ratemaking approaches for the Company in connection with the Boone County Project.

3. On October 15, 1999, the Company, the County Commission and the District filed a request for a further order specifically approving a revised funding scenario for the Boone County Project and amendments to the operation and maintenance agreement. Due to an increase in the total project cost from $27,700,000 to $31,956,000 the parties have devised a new funding plan.

4. The proposed new funding plan is as follows:

Boone County PSD			
1.	Grants		
	a.	Abandoned Mine Land Grant	$ 1,621,503
	b.	Appalachian Regional Commission Grant	1,000,000
	c.	DEP Coal Mitigation	1,200,000
	d.	Economic Development Administration Grant	960,000
	e.	Governor's Office Grant	1,000,000
	f.	Small Cities Grant	1,250,000
2.	Loans		
	a.	Drinking Water Revolving Fund (0%, 30 years, 1% admin. fee)	2,130,000
	b.	WVIJDC (0%, 40 years)	5,444,097
West Virginia-American Water			17,350,149
			$ 31,955,749

5. The Company contends the increase in cost is due to the difference between the planning estimates as previously submitted and the now-completed design estimates.

6. The change in funding does not affect the nature or scope of the project as approved on October 17, 1997. The amendments to the operation and maintenance agreement are intended to conform that agreement to the revised funding plan.

Public Service Commission
of West Virginia
Charleston

7. On November 15, 1999, Commission Staff filed its Final and Joint Staff memorandum recommending the Company's petition be granted.

CONCLUSION OF LAW

It is reasonable to reopen this case for the purpose of approving changes to the funding and the related amendments, in the operation and maintenance agreement, of the Boone County Project.

ORDER

IT IS THEREFORE ORDERED that Case No. 96-1338-W-PWD-CN be, and hereby is reopened for the purpose of approving changes in funding and related amendments contained in the operation and maintenance agreement.

IT IS FURTHER ORDERED that the funding changes outlined above and the related amendments in the operation and maintenance agreement be, and hereby are approved.

IT IS FURTHER ORDERED that this case is resolved and shall be removed from ther Commission's docket of active cases.

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

A True Copy, Teste:

ARC
BFE/lfg
961338cb.wpd

Sandra Squire
Sandra Squire
Executive Secretary

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 3rd day of May, 1999.

CASE NO. 96-1338-W-PWD-CN

WEST VIRGINIA-AMERICAN WATER COMPANY, COUNTY COMMISSION OF BOONE COUNTY, and DANVILLE PUBLIC SERVICE DISTRICT.

Joint application for consent and approval of the related transactions and certain ratemaking treatment, and for certificate of convenience and necessity for the construction of facilities.

COMMISSION ORDER

By Order entered March 11, 1999, the Commission approved future accounting and ratemaking treatment for the retirement of certain debt paid by West Virginia-American Water Company (WVAWC) in connection with the Boone County Project. Such debt consisted of $1.4 million owed by two of the public service districts involved in the project, the Coal River Public Service District (CRPSD) and the Van Public Service District (VPSD) (collectively, the Districts). See "Commission Order," West Virginia-American Water Co., Case No. 96-1338-W-PWD-CN (March 11, 1999), Findings of Fact Nos. 1 & 2. The Commission's approval of this accounting and ratemaking treatment of debt was expressly made subject to the understanding that the United States Department of Agriculture, Rural Development (USDA-RD), and the Department of Commerce, Economic Development Authority (EDA), will not require the repayment of any grants to the Districts provided by the USDA-RD and EDA as a result of the ratemaking and accounting treatment. Id. at 5.

On March 17, 1999, WVAWC filed a petition for reconsideration of that portion of the Commission's order which made approval of the proposed future accounting and ratemaking treatment subject to the USDA-RD and EDA's not requiring the repayment of any grants to the Districts. Id. at 3, 5 & Conclusion of Law No. 2.

In its petition, WVAWC indicates that it believes the ratemaking and accounting treatment approved by the Commission "will be acceptable to EDA and will minimize [USDA-RD's] objections . . . ." Petition, ¶6. However, the Company indicates that it believes that USDA-RD will remain steadfast in its position that WVAWC's Operations and Maintenance (O&M) Agreement between WVAWC and the Districts triggers grant repayment, even though the Company does not take title to any grant-affected property. Petition, ¶¶2, 5-6. USDA-RD's refusal to consent to the transaction will delay closing of the required property transfers, WVAWC claims. Id. ¶6. WVAWC advises that it is prepared to contest USDA-RD's position on the O&M Agreement and believes its position is correct. In order to avoid delaying the project indefinitely, however, WVAWC has proposed that USDA-RD issue a "no action" letter to one of the Districts, specifically CRPSD. Under the "no action" approach, either WVAWC or USDA-RD may seek a final judicial determination of the O&M Agreement issue and, in the meantime, USDA-RD would agree to take no action against CRPSD as long as WVAWC agrees to repay all or a portion of the USDA-RD grant to CRPSD or take steps to exclude from the O&M Agreement the USDA-RD grant-affected property transferred by CRPSD to Danville PSD. Petition, ¶¶7-8. Further, WVAWC would hold the Districts and the Company's ratepayers harmless against the possibility that it may someday be judicially compelled to repay the USDA-RD grant and has advised USDA-RD of this fact. Id. ¶9.

The Commission's order making the future ratemaking and accounting treatment subject to approval by EDA and USDA-RD, WVAWC argues, gives USDA-RD a "veto" which the Company believes USDA-RD will exercise. "At best," WVAWC asserts, USDA-RD may accept the "no action" letter concept and defer resolution of the O&M Agreement Issue. Id. ¶11. WVAWC therefor requests that the Commission modify its order to remove the "subject to approval" provision of its March 11, 1999, order. Instead, WVAWC suggests that it is willing that the Commission order provide, "in essence," that as to the Boone County Project, WVAWC is willing to agree that it will not attempt to recover from ratepayers any impact from grants that it may be required to repay. Id. As a practical matter, WVAWC suggests, there is no impact of removing the "subject to approval" language from the March 11, 1999, order since, as a practical matter, WVAWC cannot apply the special ratemaking and accounting treatment until the property transfers occur and the Boone County project moves forward. Petition, ¶12. This, in turn, cannot happen until: (1) USDA-RD and EDA have either approved the transfer of grant-affected property without the need for grant repayment or have agreed to defer the O&M Agreement Issue, or (2) the parties proceed under an indemnity agreement with the Districts. Id.

Commission Staff has not taken a position vis a vis WVAWC's petition.

Public Service Commission
of West Virginia
Charleston

DISCUSSION

The Commission concludes that it is reasonable to grant WVAWC's petition for reconsideration of its March 11, 1999, order. Although the "subject to approval" language was originally suggested by Staff, without triggering an objection by WVAWC, it appears that there are valid reasons to modify the Commission's order to eliminate such language. The Commission will modify the provisions of its March 11, 1999, order to eliminate the "subject to approval" language and to instead incorporate WVAWC's "hold harmless" language regarding the Districts and the Company's ratepayers in the event WVAWC is required to repay any debt associated with grant-affected property.

FINDINGS OF FACT

1. By Order entered March 11, 1999, the Commission approved future accounting and ratemaking treatment for the retirement by West Virginia-American Water Company (WVAWC) of approximately $1.4 million in debt owed by two of the public service districts involved in the project, the Coal River Public Service District (CRPSD) and the Van Public Service District (VPSD) (collectively, the Districts), in connection with the Boone County Project. See "Commission Order," West Virginia-American Water Co., Case No. 96-1338-W-PWD-CN (March 11, 1999), Findings of Fact Nos. 1 & 2.

2. The Commission's approval of this accounting and ratemaking treatment of debt was expressly made subject to the understanding that the United States Department of Agriculture, Rural Development (USDA-RD), and the Department of Commerce, Economic Development Authority (EDA), will not require the repayment of any grants to the Districts provided by the USDA-RD and EDA as a result of the ratemaking and accounting treatment. Id. at 3, 5 & Conclusion of Law No. 2.

3. On March 17, 1999, WVAWC filed a petition for reconsideration of that portion of the Commission's order which made approval of the proposed future accounting and ratemaking treatment subject to the USDA-RD and EDA's not requiring the repayment of any grants to the Districts.

4. WVAWC believes that USDA-RD will remain steadfast in its position that WVAWC's Operations and Maintenance (O&M) Agreement between WVAWC and the Districts triggers grant repayment, even though the Company does not take title to any grant-affected property. Petition, ¶¶2, 5-6. USDA-RD's refusal to consent to the transaction will delay closing of the required property transfers, WVAWC claims. Id. ¶6.

5. WVAWC has proposed that USDA-RD issue a "no action" letter to one of the Districts, specifically CRPSD. Petition, ¶¶7-8.

Public Service Commission
of West Virginia
Charleston

6. WVAWC would hold the Districts and the Company's ratepayers harmless against the possibility that it may someday be judicially compelled to repay the USDA-RD grant and has advised USDA-RD of this fact. Id. ¶9.

7. Commission Staff has not taken a position vis a vis WVAWC's petition.

8. The Commission adopts, as if fully restated, all recitals of fact set forth herein.

CONCLUSIONS OF LAW

1. It is reasonable to grant WVAWC's petition for reconsideration of its March 11, 1999, order. There are valid reasons to modify the Commission's order to eliminate such language.

2. The Commission will modify the provisions of its March 11, 1999, order to eliminate the "subject to approval" language and to instead incorporate WVAWC's "hold harmless" language regarding the Districts and the Company's ratepayers in the event WVAWC is required to repay any debt associated with grant-affected property.

3. The Commission adopts, as if fully restated, all legal conclusions set forth herein.

ORDER

IT IS, THEREFORE, ORDERED that the petition for reconsideration of the Commission's March 11, 1999, order herein, filed by West Virginia-American Water Company on March 17, 1999, should be, and hereby is, granted.

IT IS FURTHER ORDERED that the Commission's March 11, 1999, order is modified to eliminate any language making approval of the proposed future accounting and ratemaking treatment, with respect to retirement of the Boone County Public Service District's existing debt in the amount of approximately $1.4 million, subject to the understanding that the United States Department of Agriculture, Rural Development, and Department of Commerce, Economic Development Authority, will not require repayment of any grants to the Districts provided by the USDA-RD and EDA.

IT IS FURTHER ORDERED that the Commission's approval of the proposed future accounting and ratemaking treatment is based on WVAWC's commitment to hold the Districts and WVAWC's ratepayers harmless if WVAWC is ultimately required to repay any debt associated with grant-affected property.

IT IS FURTHER ORDERED that, upon entry hereof, this proceeding shall be removed from the Commission's active docket of cases.

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

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

ARC
PWP pwp lfg
961338ca.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 11th day of March, 1999.

CASE NO. 96-1338-W-PWD-CN (Reopened)

WEST VIRGINIA-AMERICAN WATER COMPANY,
COUNTY COMMISSION OF BOONE COUNTY, and
DANVILLE PUBLIC SERVICE DISTRICT

Joint application for consent and approval of the related transactions and certain ratemaking treatment; and for certificates of convenience and necessity for the construction of facilities.

COMMISSION ORDER

By Order entered October 17, 1997, the Commission approved a joint stipulation and settlement (Settlement Agreement) providing for, among other things, the consolidation of Spruce Fork Public Service District (SFPSD), Coal River Public Service District (CRPSD) and Van Public Service District (VPSD) with the Danville Public Service District (DPSD) (collectively, the Districts). The DPSD would be the surviving public service district and would be renamed the Boone County Public Service District (BCPSD). See "Commission Order," West Virginia-American Water Company and Spruce Fork Public Service District, et. al., Case Nos. 96-1306-W-PWD-PC, 96-1338-W-PWD-CN, 96-1347-W-PWD-PC, and 96-1348-W-PWD-PC (Oct. 17, 1997) (the Boone County Order). The Settlement Agreement approved in the Commission's October 17, 1997 order also included the purchase, by West Virginia-American Water Company (WVAWC), of the assets of the new BCPSD. Id.; see Settlement Agreement, ¶¶56-57. The consideration paid by WVAWC for these assets included WVAWC's retirement of the existing debt of the CRPSD and VPSD, in the amount of $1,094,000.00 and $315,700.00, respectively. Id. The Commission's October 17, 1997 order also approved issuance of a certificate of convenience and necessity for the construction of a series of transmission and distribution pipelines and storage and booster facilities to interconnect the Districts' systems and WVAWC's Kanawha Valley and Boone County water systems (the Boone County Project). Id. at 4; see Settlement Agreement, ¶¶23-27. The total estimated cost for construction of the Boone County Project was $27.4 million. Id.

On January 22, 1999, WVAWC filed a petition in this proceeding seeking Commission approval of future accounting and ratemaking treatment related to the retirement of certain debt paid by WVAWC in connection with the Boone County Project. In its petition, WVAWC claimed that the United States Department of Agriculture, Rural Development's (USDA-RD) and Economic

Development Administration of the Department of Commerce's (EDA) position regarding the possible repayment of grants, if any "grant affected property" is purchased by WVAWC, had resulted in delays while WVAWC proposed various alternatives to USDA-RD and EDA. Petition, ¶6. These alternatives included attempting to identify and purchase only non-grant affected property from the Districts equal in value to the amount of debt. Id. WVAWC noted that its purpose in pursuing alternatives with USDA-RD and EDA was to avoid claims that the purchase of some of the Districts' water utility properties, which were constructed in part by grants, would trigger claims by USDA-RD or EDA that all or a portion of the grants had to be repaid. Id. ¶7. Repayment of such grants, WVAWC claims, would substantially increase the cost of portions of the Boone County Project and, in some instances, make those portions uneconomical. Id.

In light of the difficulty associated with identifying non-grant affected properties, and in light of the delay experienced in connection with the Boone County Project overall, WVAWC states that it approached Commission Staff (Staff) with a proposal that WVAWC be allowed to pay off the Districts' approximately $1.4 million debt, but without WVAWC actually taking title to the Districts' facilities. Petition, ¶10. However, WVAWC would operate the facilities concerned under the Operations and Maintenance Agreement (O&M Agreement) previously approved by the Commission in its October 17, 1997 order in this proceeding. Id. Under this approach, WVAWC would record the amount of the satisfied debt as a regulatory asset and amortize the $1.4 million over 50 years. Id. ¶12. The actual pipeline would not be identified or conveyed to WVAWC, but the result, the company claims, would be the same. Id. In addition, the impact on ratepayers would be minimal -- $38,096.00 over the 50-year amortization period. Id. ¶15. The USDA-RD and EDA, WVAWC asserts, should not be "as concerned" about the grant repayment since the grant affected utility property would remain in the name of the district. Id. Finally, WVAWC claims that Staff has concurred in the merits of the company's accounting treatment of the Districts' debt and attached a schedule showing the de minimis ratemaking impact of its suggested approach. Petition, ¶¶14-15.

On February 9, 1999, WVAWC filed a letter with the Commission, advising that neither Staff, nor the Consumer Advocate Division of the Public Service Commission (CAD), opposed the relief requested by WVAWC. WVAWC also requested that the Commission treat the letter as a motion to expedite the relief sought in its January 22, 1999 petition.

On March 1, 1999, Staff filed a Final Joint Staff Memorandum recommending that, based on relief from any grant repayment liability, the Commission should approve the accounting and ratemaking treatment of the $1.4 million investment by WVAWC to repay the Districts' debt. In its memorandum, Staff noted that there would be no operational change under WVAWC's proposal but that the company would invest $1.4 million with no depreciable plant in service. Utilities Staff Memo, at 2. Staff further noted that WVAWC's proposal would result in the annual amortization of the company's investment being approximately equal to the amount of depreciation that would have accrued on the property and the net rate base, prior to consideration of deferred taxes. Utilities Staff Memo, at 2. In addition, Staff noted that WVAWC's schedule, comparing the amortization

Public Service Commission
of West Virginia
Charleston

approach versus the depreciation approach, indicated that the difference in any one year is relatively small. Id. The amortization approach produced lower revenue requirements in years 1-13 and 37-50, but higher revenue requirements in years 14-36. Staff concurred with WVAWC's claim that the total revenue requirement over 50 years is slightly less under the amortization approach. Id.

DISCUSSION

The Commission concludes that it is reasonable to grant WVAWC's petition to reopen this proceeding and to approve WVAWC's proposed future accounting and ratemaking for retirement of the Districts' $1.4 million debt in connection with the Boone County Project. The Commission's approval is made subject to the understanding that the USDA-RD and EDA will not require the repayment of any grants to the Districts provided by the USDA-RD and EDA as the result of the proposed future accounting and ratemaking. WVAWC will be directed to advise the Commission, at the earliest opportunity, of the USDA-RD's and EDA's position with respect to grant repayment following approval of the future accounting and ratemaking herein.

FINDINGS OF FACT

1. By Order entered October 17, 1997, the Commission approved a joint stipulation and settlement (Settlement Agreement) providing for, among other things, the consolidation of Spruce Fork Public Service District (SFPSD), Coal River Public Service District (CRPSD) and Van Public Service District (VPSD) with the Danville Public Service District (DPSD) (collectively, the Districts). The DPSD would be the surviving public service district and would be renamed the Boone County Public Service District (BCPSD). See "Commission Order," West Virginia-American Water Company and Spruce Fork Public Service District, et. al., Case Nos. 96-1306-W-PWD-PC, 96-1338-W-PWD-CN, 96-1347-W-PWD-PC, and 96-1348-W-PWD-PC (Oct. 17, 1997) (the Boone County Order).

2. The Settlement Agreement approved in the Commission's October 17, 1997 order also included the purchase, by West Virginia-American Water Company (WVAWC), of the assets of the new BCPSD. Id.; see Settlement Agreement, ¶¶56-57. The consideration paid by WVAWC for these assets included WVAWC's retirement of the existing debt of the CRPSD and VPSD, in the amount of $1,094,000.00 and $315,700.00, respectively. Id.

3. On January 22, 1999, WVAWC filed a petition in this proceeding seeking Commission approval of future accounting and ratemaking treatment related to the retirement of certain debt paid by WVAWC in connection with the Boone County Project.

4. In its petition, WVAWC claimed that the United States Department of Agriculture, Rural Development's (USDA-RD) and Economic Development Administration of the Department of Commerce's (EDA) position regarding the possible repayment of grants, if any "grant affected property" is purchased by WVAWC, had resulted in delays while WVAWC proposed various

alternatives to USDA-RD and EDA. Petition, ¶6.

5. WVAWC approached Staff with a proposal that WVAWC be allowed to pay off the Districts' approximately $1.4 million debt, but without WVAWC actually taking title to the Districts' facilities. Petition, ¶10. However, WVAWC would operate the facilities concerned under the Operations and Maintenance Agreement (O&M Agreement) previously approved by the Commission in its October 17, 1997 order in this proceeding. Id.

6. WVAWC would record the amount of the satisfied debt as a regulatory asset and amortize the $1.4 million over 50 years. Id. ¶12.

7. The impact on ratepayers would be minimal -- $38,096.00 over the 50-year amortization period. Id. ¶15.

8. On February 9, 1999, WVAWC filed a letter with the Commission, advising that neither Staff, nor the Consumer Advocate Division of the Public Service Commission (CAD), opposed the relief requested by WVAWC. WVAWC also requested that the Commission treat the letter as a motion to expedite the relief sought in its January 22, 1999 petition.

9. On March 1, 1999, Staff filed a Final Joint Staff Memorandum recommending that, based on relief from any grant repayment liability, the Commission should approve the accounting and ratemaking treatment of the $1.4 million investment by WVAWC to repay the Districts' debt. Utilities Staff Memo, at 2.

10. WVAWC's schedule, comparing the amortization approach versus the depreciation approach, indicated that the difference in any one year is relatively small. Id. The amortization approach produced lower revenue requirements in years 1-13 and 37-50, but higher revenue requirements in years 14-36. The total revenue requirement over 50 years is slightly less under the amortization approach. Id.

11. The Commission adopts, as if fully restated, all recitals of fact set forth herein.

CONCLUSIONS OF LAW

1. It is reasonable to grant WVAWC's petition to reopen this proceeding and to approve WVAWC's proposed future accounting and ratemaking for retirement of the Districts' $1.4 million debt in connection with the Boone County Project.

2. The Commission's approval is made subject to the understanding that the USDA-RD and EDA will not require the repayment of any grants to the Districts provided by the USDA-RD and EDA as the result of the proposed future accounting and ratemaking.

3. WVAWC should be directed to advise the Commission, at the earliest opportunity, of the USDA-RD's and EDA's position with respect to grant repayment following approval of the future accounting and ratemaking herein.

4. The Commission adopts, as if fully restated, all legal conclusions set forth herein.

ORDER

IT IS, THEREFORE, ORDERED that West Virginia-American Water Company's January 22, 1999 petition to reopen this proceeding for determination of future accounting and ratemaking should be, and hereby is, granted.

IT IS FURTHER ORDERED that WVAWC's proposed future accounting and ratemaking with respect to retirement of the Boone County Public Service District's existing debt, in the amount of approximately $1.4 million, is hereby approved. Said approval is made subject to the understanding that the United States Department of Agriculture, Rural Development, and the Department of Commerce, Economic Development Administration, will not require the repayment of any grants to the Districts provided by the USDA-RD and EDA as the result of the proposed future accounting and ratemaking.

IT IS FURTHER ORDERED that WVAWC shall advise the Commission, at the earliest opportunity, of the USDA-RD's and EDA's position with respect to grant repayment following approval of the future accounting and ratemaking herein.

IT IS FURTHER ORDERED that, upon entry hereof, this proceeding shall be removed from the Commission's active docket of cases.

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

ARC
961338c.wpd
PWP pwp lfg

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

West Virginia Infrastructure & Jobs Development Council

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

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

Susan J. Riggs, Esquire
Executive Secretary

March 10, 1999

Frank W. Rowley, Chairman
Danville Public Service District
P. O. Box 143
Danville, WV 25053

Re: Binding Commitment Letter - Boone County Public Service District
Boone County Regional Water System 96W-274

Dear Mr. Rowley:

The West Virginia Infrastructure and Jobs Development Council (the "Council") provides this binding offer of an Infrastructure Fund loan of approximately $5,444,097 (the "Loan") for the Danville Public Service District's (the "District") proposed project to construct a water distribution system which will be part of the Boone County regional water system (the "Project"). The source of funds for the Loan will be a portion of the proceeds from an anticipated Infrastructure General Obligation Bond issue and this Loan commitment is contingent upon the availability of those proceeds in the Infrastructure Fund. The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amount will be established after the District has received acceptable bids for the Project. The Council will set aside a portion of the next bond proceeds to be deposited in the Infrastructure Fund to make this Loan upon the District's compliance with the program requirements. The Loan agreement will be between the District and the West Virginia Water Development Authority (the "Authority"), who is the administrator of the Infrastructure Fund, acting on behalf of the Council.

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

a. Complete the consolidation of the Coal River Public Service District, the Spruce Fork Public Service District, the Van Public Service District and the Danville Public Service District prior to June 3, 1999.

b. Advertise for construction bids no later than June 3, 1999.
c. Close the Project funding no later than September 8, 1999.

The Council understands that in order to complete the Project certain events must occur including (a) West Virginia American Water Company's (the "Company") payment of the outstanding debt of the Van Public Service District, Coal River Public Service District and Spruce Fork Public Service District, (b) consolidation of the aforesaid Districts with the District, (c) expansion of the District's boundaries to reflect the consolidation, and (d) following payment of the outstanding debt and completion of the consolidation, renaming the consolidated public service district the Boone County Public Service District. All of these events must be fully effectuated and of full legal force and effect prior to the District's advertising for construction bids. Additionally, the District must have written commitment of all Project funding prior to advertising for bids.

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

If the District becomes aware that it will not meet one or more of the above schedule dates, the District should immediately notify the Council of this fact and the circumstances which have caused or will cause the District to be unable to meet the schedule. In addition, please immediately notify the Council if any of the other dates on the attached schedule have not or will not be met.

The Authority will enter into a Loan agreement with the District following receipt of a final, nonappealable order from the Public Service Commission authorizing construction of the Project, approving rates, approving the operation and maintenance agreement with the Company, and approving the Project funding; evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; requisite bond-related documents and opinions in a form and substance satisfactory to the Authority and the Council; and any other documents requested by the Council. The District must make provisions to fund the debt service reserve fund and the renewal and replacement fund either from its rates, or through an irrevocable letter of credit. The District must also grant the Authority a statutory mortgage lien on its system. Following execution of the Loan agreement, the Council will establish a closing date.

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

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

Sincerely,

James D. Williams

JDW/tb
Attachments
cc: Katy Mallory, P.E.
Debbie Legg
Patrick Park
Dan Bickerton
John Romano
Carma Mahon
John C. Stump, Esquire

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

Danville Public Service District

By:_____
Chairman

Date:_____

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

Danville Public Service District
(aka Boone County Public Service District)
Boone County Regional Water System
96W-274
March 10, 1999

SCHEDULE A

A. Approximate Amount: $5,444,097 - Loan

B. Loan:

1.	Maturity Date:	40 years from date of loan closing
2.	Loan Advancement Date(s):	Monthly, upon receipt of proper requisition, and after complete advancement of all other funding except to the extent that the federal regulations of any of the other funding sources prohibit expenditure of such funds prior to expenditure of the Infrastructure Fund loan.
3.	Debt Service Commencement Date:	The first quarter following completion of construction which date shall be identified prior to closing.

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

C. Other Funding Sources:

1. Drinking Water Treatment Revolving Fund Loan
   Amount: $1,630,000

2. Small Cities Block Grant
   Amount: $1,250,000

3. Appalachian Regional Commission Grant
   Amount: $1,000,000

4. Abandoned Mine Lands Grant
   Amount: $1,621,503

5. US Economic Development Administration Grant
   Amount $960,000

6. Coal Mitigation Fund Grant
   Amount $1,700,000

7. Governor's Office
   Amount $1,000,000

8. WV-American Water Company
   Amount: $17,350,149

D. Proposed User Rates:

Average: $28.55/4500 gallons

DANVILLE PUBLIC SERVICE DISTRICT
Regional Water Distribution Project
96W-274

	ACTION	*RESPONSIBLE PARTY*	*START DATE*	*COMPLETION DATE*
1	Prepare and Submit P&S to BPH	PSD/WVAWC		January 31, 1999
2	Prepare and Submit Permit Applications	PSD/WVAWC		February 16, 1999
3	Submit Project Update to PSC	Attorney		February 28, 1999
4	P&S Review and Approval Process	BPH		March 15, 1999
5	Rights-of-Way, Easements, and Land Acquisitio	Attorney		Complete by bid date
6	Authority to Advertise	DWTRF/IJDC		May 20, 1999
7	Advertise for Bids	PSD		June 3, 1999
8	Review and Approve PSC Certificate	PSC		Complete
9	Bid Opening	PSD		July 7, 1999
10	Loan Closing	Bond Counsel		September 8, 1999
11	Project Construction	Contractor	September 13, 1999	September 13, 2000

BOONE COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds
Series 2000 A (West Virginia DWTRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

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

1. On the 26th day of April, 2000, the Authority received the Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), of the Issuer, in the principal amount of $2,130,000, numbered AR-1 (the "Series 2000 A Bonds"), and the Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $4,909,161, numbered BR-1 (the "Series 2000 B Bonds"), both issued as a single, fully registered Bond, and both dated April 26, 2000.

2. At the time of such receipt, all the Series 2000 A Bonds and the Series 2000 B Bonds had been executed by the Chairman and the Secretary of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2000 A Bonds, of $53,250, being a portion of the principal amount of the Series 2000 A Bonds. The balance of the principal amount of the Series 2000 A Bonds will be advanced by the Authority and the West Virginia Bureau for Public Health to the Issuer as acquisition and construction of the Project progresses.

4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2000 B Bonds, of $22,212, being a portion of the principal amount of the Series 2000 B Bonds. The balance of the principal amount of the Series 2000 B Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

WITNESS our respective signatures on this 26th day of April, 2000.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Representative

BOONE COUNTY PUBLIC SERVICE DISTRICT

Chairman Lyle Ray

04/24/00
091620/99001

CH592435.2

BOONE COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia DWTRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Boone County Public Service District Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), in the principal amount of $2,130,000 (the "Series 2000 A Bonds"), and Bond No. BR-1, constituting the entire original issue of the Boone County Public Service District Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), in the principal amount of $4,909,161 (the "Series 2000 B Bonds"), both dated April 26, 2000 (collectively, the "Bonds"), executed by the Chairman and the Secretary of Boone County Public Service District (the "Issuer") and bearing the official seal of the Issuer, respectively authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on April 24, 2000, and a Supplemental Resolution duly adopted by the Issuer on April 24, 2000 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of the loan agreement for the Series 2000 A Bonds, dated April 17, 2000, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health, and a loan agreement for the Series 2000 B Bonds, dated April 17, 2000, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (collectively, the "Loan Agreement"); and

(4) Executed opinions of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Series 2000 A Bonds to the Authority upon payment to the Issuer of the sum of $53,250, representing a portion of the principal amount of the Series 2000 A Bonds. You are also hereby requested and authorized to deliver the Series 2000 B Bonds to the Authority upon payment to the Issuer of the sum of $22,212, representing a portion of the principal amount of the Series 2000 B Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated this 26th day of April, 2000.

BOONE COUNTY PUBLIC SERVICE DISTRICT

Chairman

04/24/00
091620/99001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BOONE COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 A
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-1 $2,130,000

KNOW ALL MEN BY THESE PRESENTS: That BOONE COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Boone County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWO MILLION ONE HUNDRED THIRTY THOUSAND DOLLARS ($2,130,000), 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, 2001, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, 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 April 17, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the

Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on April 24, 2000, and a Supplemental Resolution duly adopted by the Issuer on April 24, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED APRIL 26, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,909,161 (THE "SERIES 2000 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 B Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). 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 a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation and as long as the Agreement (as defined in the Bond Legislation) is in effect, 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 100% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 B Bonds. In the event the Agreement is no longer in effect, the Issuer has covenanted and agreed to 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 the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2000 A Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the

registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, BOONE COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated April 26, 2000.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: April 26, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$53,250	04/26/00	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $

EXHIBIT B

Boone County Public Service District (West Virginia)

DWTRF Loan of $2,130,000
30 Years, 0% Interest Rate, 1% Administrative Fee
Closing Date: April 26, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2000	-	-	-
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	17,750.00	-	17,750.00
12/01/2001	17,750.00	-	17,750.00
3/01/2002	17,750.00	-	17,750.00
6/01/2002	17,750.00	-	17,750.00
9/01/2002	17,750.00	-	17,750.00
12/01/2002	17,750.00	-	17,750.00
3/01/2003	17,750.00	-	17,750.00
6/01/2003	17,750.00	-	17,750.00
9/01/2003	17,750.00	-	17,750.00
12/01/2003	17,750.00	-	17,750.00
3/01/2004	17,750.00	-	17,750.00
6/01/2004	17,750.00	-	17,750.00
9/01/2004	17,750.00	-	17,750.00
12/01/2004	17,750.00	-	17,750.00
3/01/2005	17,750.00	-	17,750.00
6/01/2005	17,750.00	-	17,750.00
9/01/2005	17,750.00	-	17,750.00
12/01/2005	17,750.00	-	17,750.00
3/01/2006	17,750.00	-	17,750.00
6/01/2006	17,750.00	-	17,750.00
9/01/2006	17,750.00	-	17,750.00
12/01/2006	17,750.00	-	17,750.00
3/01/2007	17,750.00	-	17,750.00
6/01/2007	17,750.00	-	17,750.00
9/01/2007	17,750.00	-	17,750.00
12/01/2007	17,750.00	-	17,750.00
3/01/2008	17,750.00	-	17,750.00
6/01/2008	17,750.00	-	17,750.00
9/01/2008	17,750.00	-	17,750.00
12/01/2008	17,750.00	-	17,750.00
3/01/2009	17,750.00	-	17,750.00
6/01/2009	17,750.00	-	17,750.00
9/01/2009	17,750.00	-	17,750.00
12/01/2009	17,750.00	-	17,750.00
3/01/2010	17,750.00	-	17,750.00
6/01/2010	17,750.00	-	17,750.00
9/01/2010	17,750.00	-	17,750.00
12/01/2010	17,750.00	-	17,750.00
3/01/2011	17,750.00	-	17,750.00
6/01/2011	17,750.00	-	17,750.00
9/01/2011	17,750.00	-	17,750.00

Boone County Public Service District (West Virginia)

DWTRF Loan of $2,130,000
30 Years, 0% Interest Rate, 1% Administrative Fee
Closing Date: April 26, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2011	17,750.00	-	17,750.00
3/01/2012	17,750.00	-	17,750.00
6/01/2012	17,750.00	-	17,750.00
9/01/2012	17,750.00	-	17,750.00
12/01/2012	17,750.00	-	17,750.00
3/01/2013	17,750.00	-	17,750.00
6/01/2013	17,750.00	-	17,750.00
9/01/2013	17,750.00	-	17,750.00
12/01/2013	17,750.00	-	17,750.00
3/01/2014	17,750.00	-	17,750.00
6/01/2014	17,750.00	-	17,750.00
9/01/2014	17,750.00	-	17,750.00
12/01/2014	17,750.00	-	17,750.00
3/01/2015	17,750.00	-	17,750.00
6/01/2015	17,750.00	-	17,750.00
9/01/2015	17,750.00	-	17,750.00
12/01/2015	17,750.00	-	17,750.00
3/01/2016	17,750.00	-	17,750.00
6/01/2016	17,750.00	-	17,750.00
9/01/2016	17,750.00	-	17,750.00
12/01/2016	17,750.00	-	17,750.00
3/01/2017	17,750.00	-	17,750.00
6/01/2017	17,750.00	-	17,750.00
9/01/2017	17,750.00	-	17,750.00
12/01/2017	17,750.00	-	17,750.00
3/01/2018	17,750.00	-	17,750.00
6/01/2018	17,750.00	-	17,750.00
9/01/2018	17,750.00	-	17,750.00
12/01/2018	17,750.00	-	17,750.00
3/01/2019	17,750.00	-	17,750.00
6/01/2019	17,750.00	-	17,750.00
9/01/2019	17,750.00	-	17,750.00
12/01/2019	17,750.00	-	17,750.00
3/01/2020	17,750.00	-	17,750.00
6/01/2020	17,750.00	-	17,750.00
9/01/2020	17,750.00	-	17,750.00
12/01/2020	17,750.00	-	17,750.00
3/01/2021	17,750.00	-	17,750.00
6/01/2021	17,750.00	-	17,750.00
9/01/2021	17,750.00	-	17,750.00
12/01/2021	17,750.00	-	17,750.00
3/01/2022	17,750.00	-	17,750.00
6/01/2022	17,750.00	-	17,750.00
9/01/2022	17,750.00	-	17,750.00
12/01/2022	17,750.00	-	17,750.00
3/01/2023	17,750.00	-	17,750.00

Boone County Public Service District (West Virginia)

DWTRF Loan of $2,130,000
30 Years, 0% Interest Rate, 1% Administrative Fee
Closing Date: April 26, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2023	17,750.00	-	17,750.00
9/01/2023	17,750.00	-	17,750.00
12/01/2023	17,750.00	-	17,750.00
3/01/2024	17,750.00	-	17,750.00
6/01/2024	17,750.00	-	17,750.00
9/01/2024	17,750.00	-	17,750.00
12/01/2024	17,750.00	-	17,750.00
3/01/2025	17,750.00	-	17,750.00
6/01/2025	17,750.00	-	17,750.00
9/01/2025	17,750.00	-	17,750.00
12/01/2025	17,750.00	-	17,750.00
3/01/2026	17,750.00	-	17,750.00
6/01/2026	17,750.00	-	17,750.00
9/01/2026	17,750.00	-	17,750.00
12/01/2026	17,750.00	-	17,750.00
3/01/2027	17,750.00	-	17,750.00
6/01/2027	17,750.00	-	17,750.00
9/01/2027	17,750.00	-	17,750.00
12/01/2027	17,750.00	-	17,750.00
3/01/2028	17,750.00	-	17,750.00
6/01/2028	17,750.00	-	17,750.00
9/01/2028	17,750.00	-	17,750.00
12/01/2028	17,750.00	-	17,750.00
3/01/2029	17,750.00	-	17,750.00
6/01/2029	17,750.00	-	17,750.00
9/01/2029	17,750.00	-	17,750.00
12/01/2029	17,750.00	-	17,750.00
3/01/2030	17,750.00	-	17,750.00
6/01/2030	17,750.00	-	17,750.00
9/01/2030	17,750.00	-	17,750.00
12/01/2030	17,750.00	-	17,750.00
3/01/2031	17,750.00	-	17,750.00
6/01/2031	17,750.00	-	17,750.00
Total	2,130,000.00	-	2,130,000.00 *

*Plus one-percent administrative fee of $2,684.69 paid quarterly. The total fee paid over the life of the loan is $322,162.80.

Boone County Public Service District (West Virginia)

DWTRF Loan of $2,130,000
30 Years, 0% Interest Rate, 1% Administrative Fee
Closing Date: April 26, 2000

DEBT SERVICE SCHEDULE

YIELD STATISTICS

Bond Year Dollars	$34,553.33
Average Life	16.222 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	2.22E-12
Bond Yield for Arbitrage Purposes	2.22E-12
All Inclusive Cost (AIC)	0.9271361%

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	16.222 Years

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

04/18/00
091620/99001

STEPTOE & JOHNSON
ATTORNEYS AT LAW
BANK ONE CENTER
SEVENTH FLOOR
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

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

1000 HAMPTON CENTER
P. O. BOX 1616
MORGANTOWN, W. VA. 26507-1616
(304) 598-8000
FACSIMILE (304) 598-8116

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 263-8991
FACSIMILE (304) 262-3541

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

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

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

WRITER'S DIRECT DIAL NUMBER

April 26, 2000

Boone County Public Service District
Water Revenue Bonds, Series 2000 A
(West Virginia DWTRF Program)

Boone County Public Service District
Danville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Boone County Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $2,130,000 Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of the loan agreement for the Bonds, dated April 17, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, and ending June 1, 2031, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance for the Bonds and related costs.

We have also examined an executed Letter of Credit issued April 26, 2000, in the stated amount of $142,000 by One Valley Bank, National Association, Charleston, West Virginia, for funding the Series 2000 A Bonds Reserve Account.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on April 24, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 24, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly organized and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the BPH and cannot be amended by the Issuer so as to affect adversely the rights of the Authority and the BPH or diminish the obligations of the Issuer without the written consent of the Authority and the BPH.

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

4. The Letter of Credit and issuance thereof have been duly approved by the Issuer.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the

System on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 B Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit, all in accordance with the terms of the Bonds and the Bond Legislation.

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

7. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from gross income for federal income tax purposes. We express no opinion regarding the federal tax consequences arising with respect to the Bonds.

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

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

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

04/18/00
091620/99001

CH591689.2

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BOONE COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2000 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $4,909,161

KNOW ALL MEN BY THESE PRESENTS: That BOONE COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Boone County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of FOUR MILLION NINE HUNDRED NINE THOUSAND ONE HUNDRED SIXTY ONE DOLLARS ($4,909,161), 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, 2001, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated April 17, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the

"Act"), and a Bond Resolution duly adopted by the Issuer on April 24, 2000, and a Supplemental Resolution duly adopted by the Issuer on April 24, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), DATED APRIL 26, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,130,000 (THE "SERIES 2000 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 A Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). 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 a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation and as long as the Agreement (as defined in the Bond Legislation) is in effect, 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 100% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 A Bonds. In the event the Agreement is no longer in effect, the Issuer has covenanted and agreed to 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 the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2000 B Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, BOONE COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated April 26, 2000.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: April 26, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$22,212	04/26/00	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $

EXHIBIT B

Boone County Public Service District (West Virginia)

Loan of $4,909,161
40 Years, 0% Interest Rate
Closing Date: April 26, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2000	-	-	-
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	31,673.00	-	31,673.00
12/01/2001	31,672.00	-	31,672.00
3/01/2002	31,672.00	-	31,672.00
6/01/2002	31,672.00	-	31,672.00
9/01/2002	31,672.00	-	31,672.00
12/01/2002	31,672.00	-	31,672.00
3/01/2003	31,672.00	-	31,672.00
6/01/2003	31,672.00	-	31,672.00
9/01/2003	31,672.00	-	31,672.00
12/01/2003	31,672.00	-	31,672.00
3/01/2004	31,672.00	-	31,672.00
6/01/2004	31,672.00	-	31,672.00
9/01/2004	31,672.00	-	31,672.00
12/01/2004	31,672.00	-	31,672.00
3/01/2005	31,672.00	-	31,672.00
6/01/2005	31,672.00	-	31,672.00
9/01/2005	31,672.00	-	31,672.00
12/01/2005	31,672.00	-	31,672.00
3/01/2006	31,672.00	-	31,672.00
6/01/2006	31,672.00	-	31,672.00
9/01/2006	31,672.00	-	31,672.00
12/01/2006	31,672.00	-	31,672.00
3/01/2007	31,672.00	-	31,672.00
6/01/2007	31,672.00	-	31,672.00
9/01/2007	31,672.00	-	31,672.00
12/01/2007	31,672.00	-	31,672.00
3/01/2008	31,672.00	-	31,672.00
6/01/2008	31,672.00	-	31,672.00
9/01/2008	31,672.00	-	31,672.00
12/01/2008	31,672.00	-	31,672.00
3/01/2009	31,672.00	-	31,672.00
6/01/2009	31,672.00	-	31,672.00
9/01/2009	31,672.00	-	31,672.00
12/01/2009	31,672.00	-	31,672.00
3/01/2010	31,672.00	-	31,672.00
6/01/2010	31,672.00	-	31,672.00
9/01/2010	31,672.00	-	31,672.00
12/01/2010	31,672.00	-	31,672.00
3/01/2011	31,672.00	-	31,672.00
6/01/2011	31,672.00	-	31,672.00
9/01/2011	31,672.00	-	31,672.00

Boone County Public Service District (West Virginia)

Loan of $4,909,161
40 Years, 0% Interest Rate
Closing Date: April 26, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2011	31,672.00	-	31,672.00
3/01/2012	31,672.00	-	31,672.00
6/01/2012	31,672.00	-	31,672.00
9/01/2012	31,672.00	-	31,672.00
12/01/2012	31,672.00	-	31,672.00
3/01/2013	31,672.00	-	31,672.00
6/01/2013	31,672.00	-	31,672.00
9/01/2013	31,672.00	-	31,672.00
12/01/2013	31,672.00	-	31,672.00
3/01/2014	31,672.00	-	31,672.00
6/01/2014	31,672.00	-	31,672.00
9/01/2014	31,672.00	-	31,672.00
12/01/2014	31,672.00	-	31,672.00
3/01/2015	31,672.00	-	31,672.00
6/01/2015	31,672.00	-	31,672.00
9/01/2015	31,672.00	-	31,672.00
12/01/2015	31,672.00	-	31,672.00
3/01/2016	31,672.00	-	31,672.00
6/01/2016	31,672.00	-	31,672.00
9/01/2016	31,672.00	-	31,672.00
12/01/2016	31,672.00	-	31,672.00
3/01/2017	31,672.00	-	31,672.00
6/01/2017	31,672.00	-	31,672.00
9/01/2017	31,672.00	-	31,672.00
12/01/2017	31,672.00	-	31,672.00
3/01/2018	31,672.00	-	31,672.00
6/01/2018	31,672.00	-	31,672.00
9/01/2018	31,672.00	-	31,672.00
12/01/2018	31,672.00	-	31,672.00
3/01/2019	31,672.00	-	31,672.00
6/01/2019	31,672.00	-	31,672.00
9/01/2019	31,672.00	-	31,672.00
12/01/2019	31,672.00	-	31,672.00
3/01/2020	31,672.00	-	31,672.00
6/01/2020	31,672.00	-	31,672.00
9/01/2020	31,672.00	-	31,672.00
12/01/2020	31,672.00	-	31,672.00
3/01/2021	31,672.00	-	31,672.00
6/01/2021	31,672.00	-	31,672.00
9/01/2021	31,672.00	-	31,672.00
12/01/2021	31,672.00	-	31,672.00
3/01/2022	31,672.00	-	31,672.00
6/01/2022	31,672.00	-	31,672.00
9/01/2022	31,672.00	-	31,672.00
12/01/2022	31,672.00	-	31,672.00
3/01/2023	31,672.00	-	31,672.00

Boone County Public Service District (West Virginia)

Loan of $4,909,161
40 Years, 0% Interest Rate
Closing Date: April 26, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2023	31,672.00	-	31,672.00
9/01/2023	31,672.00	-	31,672.00
12/01/2023	31,672.00	-	31,672.00
3/01/2024	31,672.00	-	31,672.00
6/01/2024	31,672.00	-	31,672.00
9/01/2024	31,672.00	-	31,672.00
12/01/2024	31,672.00	-	31,672.00
3/01/2025	31,672.00	-	31,672.00
6/01/2025	31,672.00	-	31,672.00
9/01/2025	31,672.00	-	31,672.00
12/01/2025	31,672.00	-	31,672.00
3/01/2026	31,672.00	-	31,672.00
6/01/2026	31,672.00	-	31,672.00
9/01/2026	31,672.00	-	31,672.00
12/01/2026	31,672.00	-	31,672.00
3/01/2027	31,672.00	-	31,672.00
6/01/2027	31,672.00	-	31,672.00
9/01/2027	31,672.00	-	31,672.00
12/01/2027	31,672.00	-	31,672.00
3/01/2028	31,672.00	-	31,672.00
6/01/2028	31,672.00	-	31,672.00
9/01/2028	31,672.00	-	31,672.00
12/01/2028	31,672.00	-	31,672.00
3/01/2029	31,672.00	-	31,672.00
6/01/2029	31,672.00	-	31,672.00
9/01/2029	31,672.00	-	31,672.00
12/01/2029	31,672.00	-	31,672.00
3/01/2030	31,672.00	-	31,672.00
6/01/2030	31,672.00	-	31,672.00
9/01/2030	31,672.00	-	31,672.00
12/01/2030	31,672.00	-	31,672.00
3/01/2031	31,672.00	-	31,672.00
6/01/2031	31,672.00	-	31,672.00
9/01/2031	31,672.00	-	31,672.00
12/01/2031	31,672.00	-	31,672.00
3/01/2032	31,672.00	-	31,672.00
6/01/2032	31,672.00	-	31,672.00
9/01/2032	31,672.00	-	31,672.00
12/01/2032	31,672.00	-	31,672.00
3/01/2033	31,672.00	-	31,672.00
6/01/2033	31,672.00	-	31,672.00
9/01/2033	31,672.00	-	31,672.00
12/01/2033	31,672.00	-	31,672.00
3/01/2034	31,672.00	-	31,672.00
6/01/2034	31,672.00	-	31,672.00
9/01/2034	31,672.00	-	31,672.00

Boone County Public Service District (West Virginia)

Loan of $4,909,161
40 Years, 0% Interest Rate
Closing Date: April 26, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2034	31,672.00	-	31,672.00
3/01/2035	31,672.00	-	31,672.00
6/01/2035	31,672.00	-	31,672.00
9/01/2035	31,672.00	-	31,672.00
12/01/2035	31,672.00	-	31,672.00
3/01/2036	31,672.00	-	31,672.00
6/01/2036	31,672.00	-	31,672.00
9/01/2036	31,672.00	-	31,672.00
12/01/2036	31,672.00	-	31,672.00
3/01/2037	31,672.00	-	31,672.00
6/01/2037	31,672.00	-	31,672.00
9/01/2037	31,672.00	-	31,672.00
12/01/2037	31,672.00	-	31,672.00
3/01/2038	31,672.00	-	31,672.00
6/01/2038	31,672.00	-	31,672.00
9/01/2038	31,672.00	-	31,672.00
12/01/2038	31,672.00	-	31,672.00
3/01/2039	31,672.00	-	31,672.00
6/01/2039	31,672.00	-	31,672.00
9/01/2039	31,672.00	-	31,672.00
12/01/2039	31,672.00	-	31,672.00
3/01/2040	31,672.00	-	31,672.00
Total	4,909,161.00	-	4,909,161.00

YIELD STATISTICS

Bond Year Dollars	$101,115.06
Average Life	20.597 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	8.70E-11
Bond Yield for Arbitrage Purposes	8.70E-11
All Inclusive Cost (AIC)	8.70E-11

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	20.597 Years

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____.

04/24/00
091620/99001

STEPTOE & JOHNSON

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WRITER'S DIRECT DIAL NUMBER

April 26, 2000

Boone County Public Service District
Water Revenue Bonds, Series 2000 B
(West Virginia Infrastructure Fund)

Boone County Public Service District
Danville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Boone County Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $4,909,161 Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of the loan agreement for the Bonds, dated April 17, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, and ending March 1, 2040, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance for the Bonds and related costs.

We have also examined an executed Letter of Credit issued April 26, 2000, in the stated amount of $253,377 by One Valley Bank, National Association, Charleston, West Virginia, for funding the Series 2000 B Bonds Reserve Account.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on April 24, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 24, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly organized and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the Council and cannot be amended by the Issuer so as to affect adversely the rights of the Authority and the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

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

4. The Letter of Credit and issuance thereof have been duly approved by the Issuer.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the

System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 A Bonds, unexpended proceeds of the bonds and proceeds of the Letter of Credit, all in accordance with the terms of the Bonds and the Bond Legislation.

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

7. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from gross income for federal income tax purposes. We express no opinion regarding the federal tax consequences arising with respect to the Bonds.

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

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

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,

/s/ Steptoe & Johnson

STEPTOE & JOHNSON

04/18/00
091620/99001

CH592383.2

STEPTOE & JOHNSON

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WRITER'S DIRECT DIAL NUMBER

April 26, 2000

Boone County Public Service District
Water Revenue Bonds, Series 2000 A
(West Virginia DWTRF Program)

Boone County Public Service District
Danville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Boone County Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $2,130,000 Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of the loan agreement for the Bonds, dated April 17, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, and ending June 1, 2031, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance for the Bonds and related costs.

We have also examined an executed Letter of Credit issued April 26, 2000, in the stated amount of $142,000 by One Valley Bank, National Association, Charleston, West Virginia, for funding the Series 2000 A Bonds Reserve Account.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on April 24, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 24, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly organized and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the BPH and cannot be amended by the Issuer so as to affect adversely the rights of the Authority and the BPH or diminish the obligations of the Issuer without the written consent of the Authority and the BPH.

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

4. The Letter of Credit and issuance thereof have been duly approved by the Issuer.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the

System on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 B Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit, all in accordance with the terms of the Bonds and the Bond Legislation.

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

7. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from gross income for federal income tax purposes. We express no opinion regarding the federal tax consequences arising with respect to the Bonds.

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

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

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

04/18/00
091620/99001

CH591689.2

STEPTOE & JOHNSON

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WRITER'S DIRECT DIAL NUMBER

April 26, 2000

Boone County Public Service District
Water Revenue Bonds, Series 2000 B
(West Virginia Infrastructure Fund)

Boone County Public Service District
Danville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Boone County Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $4,909,161 Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of the loan agreement for the Bonds, dated April 17, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, and ending March 1, 2040, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance for the Bonds and related costs.

We have also examined an executed Letter of Credit issued April 26, 2000, in the stated amount of $253,377 by One Valley Bank, National Association, Charleston, West Virginia, for funding the Series 2000 B Bonds Reserve Account.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on April 24, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 24, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly organized and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with corporate power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the Council and cannot be amended by the Issuer so as to affect adversely the rights of the Authority and the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

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

4. The Letter of Credit and issuance thereof have been duly approved by the Issuer.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the

System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 A Bonds, unexpended proceeds of the bonds and proceeds of the Letter of Credit, all in accordance with the terms of the Bonds and the Bond Legislation.

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

7. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from gross income for federal income tax purposes. We express no opinion regarding the federal tax consequences arising with respect to the Bonds.

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

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

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

04/18/00
091620/99001

CH592383.2

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WRITER'S DIRECT DIAL NO.

April 26, 2000

Boone County Public Service District
Danville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Steptoe & Johnson
Charleston, West Virginia

Re: Boone County Public Service District
Water Revenue Bonds,
Series 2000 A (West Virginia DWTRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We are counsel to Boone County Public Service District, a public service district in Boone County, West Virginia (the "Issuer") in connection with the issuance of the $2,130,000 Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), and the $4,909,161 Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund) by the Issuer, both dated April 26, 2000 (collectively, the "Bonds"). The Bonds are issued pursuant to Chapter 16, Articles 13A and 13C and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Acts"), to pay a portion of the costs of the acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"), and certain costs of the issuance of the Bonds and related costs.

As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, a Loan Agreement dated April 17, 2000 for the Series 2000 A Bonds, including all schedules and exhibits attached thereto, 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"), a Loan Agreement dated April 17, 2000 for the Series 2000 B Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on April 24, 2000, the Supplemental Resolution duly adopted by the Issuer on April 24, 2000 (collectively, the "Bond Legislation"), the Agreement dated October 28, 1996, by and between the Issuer and West Virginia-American Water Company, including all amendments thereof (collectively, the "Agreement"), the Letters of Credit dated April 26, 2000, in the respective stated amounts of $142,000 and $253,377, from One Valley Bank, National Association, Charleston, West Virginia (collectively, the "Letters of Credit"), and other documents, papers, agreements, instruments and certificates relating to the Bonds of the Issuer. We have also reviewed the Acts, orders of The County Commission of Boone County relating to the Issuer and the appointment of the members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

In our examination, we have assumed: (i) the authenticity of all documents submitted to us as originals and the conformity with the originals of all documents submitted to us as copies; (ii) each document submitted to us by any governmental official or agency is accurate, complete and authentic, and all official public records (including the proper indexing and filing) are accurate and complete; (iii) all relevant records of the Issuer, as well as all copies of correspondence, certificates and financial, business and other documents presented to us for examination are authentic, accurate and complete; (iv) the conduct of the parties to this transaction has complied with any and all requirements of good faith, fair dealing and conscionability, and the parties to the Loan Agreement and the Agreement have acted in good faith and without notice of any defense against the enforcement of any rights created by, or adverse claim to, any property or security interest transferred or created as a part of this transaction; and (v) no agreements or understandings exist among the parties, written or oral, that would amend, supplement or qualify the terms of the Loan Agreement or the Agreement.

Based on the foregoing and on such other information and investigation as we consider necessary for the purpose of rendering this opinion, we are of the opinion that:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.

2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer in accordance with its terms.

3. The Letters of Credit and the issuance thereof have been duly approved by the Issuer.

4. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

5. The Bond Legislation has been duly adopted by the Issuer and is in full force and effect.

6. To the best of our knowledge, the execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

7. The Issuer has received all approvals, consents, orders, certificates and authorizations necessary for the creation and existence of the Issuer including, without limitation, all requisite orders, consents, certificates and approvals from the County Commission of Boone County, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia.

8. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Agreement, the Letters of Credit, the Bonds and the Bond Legislation, the acquisition and construction of the Project, the operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

The foregoing is subject, in all respects, to the following qualifications and exceptions:

1. The enforceability of the obligations of the parties under the documents described above is subject to and may be limited by applicable bankruptcy, fraudulent transfer, insolvency, rehabilitation, reorganization, dissolution, moratorium and similar laws of general application relating to or affecting the rights of creditors.

2. The enforceability of the obligations of the parties under the documents described above is subject to and may be limited by general equitable principles, including, but not limited to, equitable principles limiting specific enforcement of certain remedies; provided, however, such law does

not, in our opinion, substantially prevent the practical realization of the benefits intended by this documentation.

3. With respect to legal conclusions contained herein, and upon which this opinion has been rendered, such legal conclusions are based solely upon the current laws of West Virginia and federal laws, and do not involve the laws of any jurisdiction other than of the State of West Virginia or the United States.

4. We express no opinion as to the taxability of the Bonds under the laws of the United States, any state or other jurisdiction.

5. We express no opinion as to the compliance of the documents described above with the "Blue Sky" or securities laws of the United States, any state or other jurisdiction.

6. All opinions expressed herein regarding the validity, legality, binding effect and enforceability of the documents described above are based on the assumptions that such documents were properly authorized, executed and delivered by all parties thereto other than the Issuer, constitute the legal, valid and binding obligations of all such other parties thereto and are enforceable against such other parties in accordance with their respective terms.

This opinion is furnished solely for the purpose as stated herein and only for the benefit of the parties to whom it is addressed and their respective counsel. This opinion may not be used, quoted, circulated or relied upon by any other person or entity for any other purpose without our prior written consent. We consent to the inclusion of executed originals and copies of this opinion in the transcripts of documents of these proceedings. This opinion is issued as of the date hereof and we assume no obligation to supplement our opinion with regard to subsequent changes in law, fact or knowledge.

Very truly yours,

Spilman Thomas & Battle PLLC

SPILMAN THOMAS & BATTLE PLLC

STB:121099

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019620/99001

BOONE COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS
SERIES 2000A (WEST VIRGINIA DWTRF PROGRAM) AND
SERIES 2000B (WEST VIRGINIA INFRASTRUCTURE FUND)

CERTIFICATE TO COUNSEL FOR
THE BOONE COUNTY
PUBLIC SERVICE DISTRICT

WHEREAS, the Boone County Public Service District ("Issuer") is issuing the $2,130,000 Water Revenue Bonds, Series 2000A (West Virginia DWTRF Program), and the $4,909,161 Water Revenue Bonds, Series 2000B (West Virginia Infrastructure Fund), both dated April 26, 2000 (collectively, the "Bonds"), and the proceeds of the Bonds shall be used to pay a portion of the costs of the acquisition and construction of certain improvements and extensions to (the "Project") the existing public water works system of the Issuer (the "System") and certain costs of the issuance of the Bonds and related costs;

WHEREAS, the Series 2000A Bonds are being sold to the West Virginia Water Development Authority ("Authority") pursuant to a Loan Agreement dated April 17, 2000, between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health ("BPH") to facilitate the Project and the Series 2000B Bonds are being sold to the Authority pursuant to a Loan Agreement dated April 17, 2000, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council ("Council"), to facilitate the Project (collectively, the "Loan Agreement");

WHEREAS, the Issuer has entered into that certain Agreement dated October 28, 1996, with West Virginia-American Water Company ("Company") as subsequently amended (the "Agreement"), through which the Company has assumed the responsibility to manage and operate the System;

WHEREAS, the Issuer has duly authorized the acquisition and construction of the Project, the financing of a portion of the cost of the Project through the issuance of the Bonds and the Loan Agreement, and the maintenance and operation of the System by the Company

through the Agreement pursuant to the Bond Resolution duly adopted by the Issuer on April 24, 2000, and the Supplemental Resolution duly adopted by the Issuer on April 24, 2000 (collectively, the "Bond Legislation"); and

WHEREAS, as special counsel to the Issuer in connection with the issuance of the Bonds and related transactions, Spilman Thomas & Battle, PLLC is required to render its legal opinion dated April 26, 2000 (the "Opinion"), and to enter into that certain General Certificate of Issuer and Attorney dated April 26, 2000 (the "General Certificate"), in connection with the issuance of the Bonds.

NOW THEREFORE, the undersigned Chairman of the Public Service Board of the Issuer does hereby certify to Spilman Thomas & Battle, PLLC, upon which the Firm may rely to execute its Opinion and the General Certificate, the following matters with respect to the issuance of the Bonds and all related documentation:

1. All capitalized words and terms used in this Certificate and not otherwise defined shall have the same meaning set forth in the Bond Legislation when used herein.

2. No controversy or litigation of any nature is now pending or threatened, restraining, enjoining, or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds or the Agreement, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, or the collection of the Net Revenues or pledge thereof.

3. All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations, and certificates required by law for the acquisition and construction of the Project, the operation of the System including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in

full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia of 1931, as amended, which bids remain in full force and effect.

4. There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer will provide the financial, institutional, legal, and managerial capabilities necessary to complete the Project. There are no outstanding obligations of the Issuer which are secured by revenues or assets of the System. The Agreement is in full force and effect and the Company is making the required payments thereunder.

5. The documents listed below, in the form attached to the General Certificate, have been duly authorized, executed, and delivered by the Issuer, are in full force and effect, and have not been repealed, rescinded, amended, altered, supplemented or changed in any way unless modification appears from later documents also listed below.

Bond Resolution

Supplemental Resolution

DWTRF Loan Agreement

Infrastructure Council Loan Agreement

Public Service Commission Orders

Infrastructure Council Approval

County Commission Orders on Creation and Enlargement of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

Agreement between Issuer and Company

Letters of Credit and Related Documents

Evidence of Small Cities Block Grant

Evidence of Appalachian Regional Commission Grant

Evidence of Abandoned Mine Lands Grant

Evidence of United States Economic Development Administration Grant

Evidence of Coal Mitigation Fund Grant

Evidence of Governor's Office Grant

6. As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan 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 in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with and has met the requirements of the Loan Agreement.

7. On the date hereof, the Issuer received $53,520 from the Authority and the BPH, being a portion of the principal amount of the Series 2000A Bonds and $22,212 from the Authority and the Council, being a portion of the principal amount of the Series 2000B Bonds. Pursuant to the Loan Agreement, the Issuer expects that the balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

8. No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this

paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

9. On the date hereof, upon the delivery of the Bonds, the Letters of Credit shall be delivered to the Commission to fund the Series 2000A Bonds Reserve Account and the Series 2000B Bonds Reserve Account.

10. As of the date hereof, the following grants are committed for the Project: (i) the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) in the amount of $1,250,000; (ii) the Appalachian Regional Commission Grant in the amount of $1,000,000; (iii) the Abandoned Mine Lands Grant in the amount of $1,471,236; (iv) the United States Economic Development Administration Grant in the amount of $960,000; (v) the West Virginia Division of Environmental Protection Coal Mitigation Fund Grant in the amount of $1,200,000; (vi) the grant from the Governor's Office in the amount of $1,000,000; and (vii) funds contributed by the Company in the amount of $17,350,155.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate to Spilman Thomas & Battle, PLLC as of the 26th day of April, 2000.

Chairman

[SEAL]

ATTEST:

Secretary

EDWARD C. GOLDBERG

ATTORNEY AT LAW

FOR
CORRESPONDENCE
POST OFFICE BOX 655
CHARLESTON, WV 25323

405 CAPITOL STREET
SUITE 910
CHARLESTON, WV 25301
FAX 304/345-8889
304/345-8888

File No. 12963

April 26, 2000

Boone County Public Service District
Danville, West Virginia

West Virginia Infrastructure and
Jobs Development Council
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

RE: Contract 6, 7, 8B, 9, 10, & 11
Boone County Public Service District
Public Sector Contracts of Boone County
Regional Water Supply Project

FINAL REPORT ON TITLE

Gentlemen:

Please be advised that I represent Boone County Public Service District with regard to the aforesaid project (the "Project"), and provide this final title opinion on behalf of Boone County Public Service District to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the West Virginia Bureau for Public Health (the "BPH") with regard to the Infrastructure Fund and DWTRF financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion that Boone County Public Service District is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia and has the full power and authority to construct, operate, and maintain the Project as approved by the BPH.

2. That I have confirmed with the consulting engineers that Boone County Public Service District has obtained approval for all necessary permits and approvals for the construction of the Project.

3. That I have investigated and ascertained the location of and am familiar with the legal description of the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by A. E. Associates, Ltd. and Chapman Technical Group, Inc., in cooperation with West Virginia-American Water Company, 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 Boone County, West Virginia, the county in which the Project is to be located, and, in my opinion, Boone County Public Service District and the West Virginia American Water Company, as their respective interests may appear, have acquired legal title or such other estate or interest in the necessary site components for the Project, 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.

5. That any deeds or other documents which have been acquired to date by the Boone 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 Boone County Public Service District.

6. Boone County Public Service District has obtained from the West Virginia Department of Highways 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,

Edward C. Goldberg

Edward C. Goldberg

ECG:jsm

JACKSON & KELLY PLLC
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TELEPHONE 304-455-1751

6000 HAMPTON CENTER
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TELEPHONE 304-599-3000

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PARKERSBURG, WEST VIRGINIA 26101
TELEPHONE 304-424-3490

1000 TECHNOLOGY DRIVE
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-2000

1144 MARKET STREET
WHEELING, WEST VIRGINIA 26003
TELEPHONE 304-233-4000

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-390-0003

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-9500

2401 PENNSYLVANIA AVENUE N.W.
WASHINGTON, D.C. 20037
TELEPHONE 202-973-0200

MEMBER OF LEX MUNDI,
THE WORLD'S LEADING ASSOCIATION
OF INDEPENDENT LAW FIRMS.

April 26, 2000

West Virginia-American Water Company
Authority
Charleston, West Virginia

Boone County Public Service District
Danville, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

West Virginia Water Development

Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Steptoe & Johnson
Charleston, West Virginia

Re: Boone County Public Service District
Water Revenue Bonds, Series 2000 A
(West Virginia DWTRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We have served as counsel to West Virginia-American Water Company, a West Virginia corporation (the "Company"), in connection with (1) an Agreement dated October 28, 1996, by and between Boone County Public Service District (the "Issuer") and the Company, as amended (collectively, the "Agreement"), whereby the Company has agreed to make payments to the Issuer in amounts and at times sufficient to permit the Issuer to pay the principal of, interest, if any, on and administrative fee, if any, for the above-captioned Bonds (the "Bonds"), and (2) the issuance by One Valley Bank, National Association (the "Bank"), of its Letters of Credit dated April 26, 2000 (collectively, the "Letter of Credit"), in the respective amounts of $142,000 and $253,377, for funding the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account, respectively. The Bonds are being issued by the Issuer under Chapter 16, Article 13A, Chapter 16, Article 13C and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on April 24, 2000, as supplemented by the

Supplemental Resolution duly adopted by the Issuer on April 24, 2000 (collectively, the "Bond Resolution"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance for the Bonds and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution when used herein.

The Bonds have been sold to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement for the Series 2000 A Bonds, dated April 17, 2000, and a loan agreement for the Series 2000 B Bonds, dated April 17, 2000 (collectively, the "Loan Agreement"). The Bonds are to be paid from Net Revenues derived from the operation of the System. Such Net Revenues consist solely of payments to be made by the Company to the Issuer under the Agreement. The Bonds are further secured by a Letter of Credit that may be drawn upon by the West Virginia Municipal Bond Commission, as Paying Agent for the Bonds, in the event Net Revenues are insufficient or unavailable to pay any installment of principal of or interest, if any, on the Bonds when due. The Company has entered into all necessary agreements with the Bank to obtain the Letter of Credit.

In connection with this opinion, we have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of the Articles of Incorporation, a Certificate of Good Standing and the By-laws of the Company, and all amendments thereto, the Agreement, the Letters of Credit and such other records, instruments, agreements, certificates (including, without limitation, certificates of public officials and of officers of the Company) and other documents (collectively, the "Documents"), and have conducted such investigations of law, as we have deemed necessary for purposes of rendering this opinion. We have assumed the authenticity of the Documents submitted to us as originals, the conformity to originals of the Documents submitted to us as copies and the due authorization, execution and delivery of the Documents by all other parties thereto, if any. As to factual matters necessary for rendering our opinions herein, we have relied upon certificates of the Company with respect thereto without independently verifying the same.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Company is a corporation duly created, validly existing and in good standing under the laws of the State of West Virginia, is qualified to do business in the State of West Virginia, and has full power and authority to execute and deliver the Documents to which the Company is a party and to undertake and perform its obligations thereunder.

2. The Documents to which the Company is a party have been duly authorized, executed and delivered by the Company, are valid and binding upon the Company, and are legally enforceable against the Company in accordance with the respective terms thereof so as to provide to the other respective parties the substantial enjoyment of the rights and benefits provided for therein, except as may be limited by the laws of bankruptcy, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally, by the application of public policy or by the exercise of judicial discretion.

3. To our knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, against or affecting the Company, wherein an unfavorable decision, ruling or finding would materially adversely affect the Company or the financial condition or operations of the Company, or the transactions contemplated by the Documents to which the Company is a party, or which would materially adversely affect the Documents to which the Company is a party.

4. To our knowledge, the execution, delivery and performance of and compliance with the provisions of the Documents to which the Company is a party do not and will not violate, conflict with, or constitute or result in a breach of or default under, the Articles of Incorporation or By-laws of the Company or any material agreement, instrument, document, indenture, mortgage, deed of trust, lease, contract, law, judgment, decree, order, statute, rule or regulation to which the Company is a party, by which the Company or its properties are bound or which may otherwise be applicable to the Company.

5. The Issuer and the Company have received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Final Orders of the Public Service Commission of West Virginia entered on October 17, 1997, March 11, 1999, May 3, 1999, and December 9, 1999, in Case No. 96-1338-W-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, establishing the rates and approving the financing

for the Project. The time for appeal of all such Final Orders has expired prior to the date hereof.

6. All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,

BOONE COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia DWTRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS AND AGREEMENT
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES
12. PUBLIC SERVICE COMMISSION ORDERS
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. [RESERVED]
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. LETTERS OF CREDIT
19. GRANTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Boone County Public Service District in Boone County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, hereby certify in connection with the Issuer's Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program) and Series 2000 B (West Virginia Infrastructure Fund), both dated the date hereof (collectively, the "Bonds" or individually, the "Series 2000 A Bonds" and the "Series 2000 B Bonds", respectively), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning set forth in the Bond Resolution of

the Issuer duly adopted April 24, 2000, and a Supplemental Resolution of the Issuer duly adopted April 24, 2000 (collectively, the "Bond Legislation"), when used herein.

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds or the Agreement, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, or the collection of the Net Revenues or pledge thereof. Counsel to the Issuer only certifies as to matters set forth in this Paragraph 2 to the best of our knowledge and belief, based upon reasonable inquiry.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect. Counsel to the Issuer only certifies as to matters set forth in this Paragraph 3 regarding the obtaining of applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project (other than the Public Service Commission approvals) to the best of our knowledge and belief, based upon reasonable inquiry.

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

There are no outstanding obligations of the Issuer which are secured by revenues or assets of the System.

The Agreement is in full force and effect and the Company is making the required payments thereunder.

Counsel to the Issuer only certifies as to matters set forth in this Paragraph 4 regarding proper adoption and execution of the Agreement by the Issuer and, assuming due adoption and execution of the Agreement by the Company, that the Agreement is in full force and effect as to the Issuer.

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

Bond Resolution

Supplemental Resolution

DWTRF Loan Agreement

Infrastructure Council Loan Agreement

Public Service Commission Orders

Infrastructure Council Approval

County Commission Orders on Creation and Enlargement of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

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Letters of Credit and Related Documents

Evidence of Small Cities Block Grant

Evidence of Appalachian Regional Commission Grant

Evidence of Abandoned Mine Lands Grant

Evidence of United States Economic Development Administration Grant

Evidence of Coal Mitigation Fund Grant

Evidence of Governor's Office Grant

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Boone County Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Boone County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 5 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Lyle Roy	April 1, 1999	March 30, 2001
Broaddus Lorrison	April 1, 1999	March 30, 2005
Gary Dickerson	April 1, 1999	March 30, 2001
Toby Waller	April 1, 1999	March 30, 2003
Richard Browning	April 1, 1999	March 30, 2003

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2000 are as follows:

Chairman	-	Lyle Roy
Secretary/Treasurer	-	Richard Browning

The duly appointed and acting special counsel to Issuer in connection with the Bonds is Spilman, Thomas & Battle, PLLC, of Charleston, West Virginia. The duly appointed and acting special counsel to Issuer in connection with title matters related to the Project is Edward C. Goldberg, Esquire.

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

condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds. Counsel to the Issuer makes no certification as to the matters set forth in this Paragraph 7.

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds, the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation is in full force and effect. Counsel to the Issuer makes no certification as to the matters set forth in this Paragraph 9.

10. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan 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 in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with and has met the requirements of the Loan Agreement. Counsel to the Issuer only certifies as to matters set forth in this Paragraph 10 to the best of our knowledge and belief, based upon reasonable inquiry.

11. RATES: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on October 17, 1997, in Case No. 96-1338-W-PWD-CN approving the rates and charges for the services of the System and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

12. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Final Orders of the Public Service Commission of West Virginia entered on October 17, 1997, March 11, 1999, May 3, 1999, and December 9, 1999, in Case No. 96-1338-W-PWD-

CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of all such Orders has expired prior to the date hereof.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond for each series of the Bonds, dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer received $ 53,520 from the Authority and the BPH, being a portion of the principal amount of the Series 2000 A Bonds and $22,212 from the Authority and the Council, being a portion of the principal amount of the Series 2000 B Bonds. Pursuant to the Loan Agreement, the Issuer expects that balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

15. [RESERVED]

16. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

17. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract. Counsel to the Issuer only certifies as to matters set forth in this Paragraph 17 to the best of our knowledge and belief, based upon reasonable inquiry.

18. LETTERS OF CREDIT: On the date hereof, upon the delivery of the Bonds, the Letters of Credit shall be delivered to the Commission to fund the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account.

19. GRANTS: As of the date hereof, the following grants are committed for the Project: (i) the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) in the amount of $1,250,000; (ii) the Appalachian Regional Commission Grant in the amount of $1,000,000; (iii) the Abandoned

Mine Lands Grant in the amount of $1,471,236; (iv) the United States Economic Development Administration Grant in the amount of $960,000; (v) the West Virginia Division of Environmental Protection Coal Mitigation Fund Grant in the amount of $1,200,000; (vi) the grant from the Governor's Office in the amount of $1,000,000; and (vii) funds contributed by the Company in the amount of $17,350,155.

WITNESS our signatures and the official seal of BOONE COUNTY PUBLIC SERVICE DISTRICT on this 26th day of April, 2000.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
Lyle Roy	Chairman
Richard Browning	Secretary
Spilman Thomas & Battle PLLC	Counsel to Issuer

04/24/00
091620/99001
CH379338.2

BOONE COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia DWTRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF
WEST VIRGINIA-AMERICAN WATER COMPANY ON:

1. INCUMBENCY AND SIGNATURES
2. DUE INCORPORATION AND GOOD STANDING
3. CERTIFICATION OF COPIES OF DOCUMENTS
4. AUTHORIZATION FOR EXECUTION AND DELIVERY OF DOCUMENTS
5. EXECUTION, DELIVERY AND VALIDITY OF AGREEMENT
6. NO LITIGATION
7. AGREEMENTS AND OBLIGATIONS
8. NO CHANGE IN CONDITION
9. LETTERS OF CREDIT
10. PUBLIC SERVICE COMMISSION ORDERS

The undersigned VICE PRESIDENT of WEST VIRGINIA-AMERICAN WATER COMPANY, a corporation located within and incorporated under the laws of the State of West Virginia (the "Company"), HEREBY CERTIFIES in connection with the authorization, execution and delivery of an Agreement, dated October 28, 1996, as amended, by and between Boone County Public Service District (the "Issuer") and the Company, as amended (collectively, the "Agreement"), whereby the Company has agreed to make certain payments to the Issuer to permit the Issuer to pay when due, the principal of its $2,130,000 aggregate principal amount of Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program) and its $4,909,161 aggregate principal amount of Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund) (collectively, the "Bonds"), to be issued to West Virginia Water Development Authority (the "Authority"), pursuant to a Bond Resolution of the Issuer adopted April 24, 2000, as supplemented by a Supplemental Resolution of the Issuer adopted April 24, 2000 (collectively, the "Bond Resolution"), all capitalized terms used herein and not otherwise defined herein to have the same meanings set forth in the Bond Resolution, as follows:

1. INCUMBENCY AND SIGNATURES: The undersigned is and was at all relevant times the duly elected, qualified and serving Vice President of the Company, duly elected or appointed by the Board of Directors of the Company, and is familiar with the terms of the transactions described in the Documents, herein defined. Set forth below is my true and genuine signature.

2. DUE INCORPORATION AND GOOD STANDING: The Company is a corporation duly created, validly existing and in good standing under the laws of the State of West Virginia, duly authorized to conduct its affairs and transact business in the State of West Virginia, and is not prohibited by any provision of its Articles of Incorporation or By-Laws from conducting its business described in, or effectuating the transactions contemplated in, the Agreement and the other Documents, herein defined.

3. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents (the "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:

Certified copy of Certificate of Good Standing.

Agreement between Issuer and Company.

Letters of Credit and Related Documents.

4. AUTHORIZATION FOR EXECUTION AND DELIVERY OF DOCUMENTS: The Company has full and all requisite right, power and authority to own and operate its properties, to carry on its business as now conducted, to execute, deliver and carry out and perform the terms, obligations and conditions set forth in the Documents.

5. EXECUTION, DELIVERY AND VALIDITY OF AGREEMENT. The Agreement has been duly authorized, executed and delivered by the Company and on its behalf by duly chosen, qualified and acting officers of the Company, has not been altered, modified or otherwise amended and is in full force and effect as of the date hereof. The Agreement constitutes a valid and legally binding agreement and obligation of the Company enforceable in accordance with its terms, except (i) as the same shall be subject to limitations upon the right to obtain judicial orders requiring specific performance or granting injunctive relief, (ii) as may be limited by the laws of bankruptcy, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights

generally, and (iii) as enforceability of indemnity provisions contained therein may be limited under applicable laws or may be against public policy. The execution and delivery of the Agreement by the Company and the compliance with the provisions thereof will not conflict with, result in a breach of the terms, conditions or provisions of or constitute a default under, or result in the creation or any imposition of any lien, charge or encumbrance upon any of the property or assets of the Company pursuant to, the Articles of Incorporation or By-laws of the Company or the terms of any indenture, mortgage, deed of trust, loan agreement, undertaking or other agreement, document or instrument to which the Company is a party or bound or to which any of the property or assets of the Company are subject, nor will such action conflict with, result in a material breach of, constitute a default under or result in a violation of any statute, law, ordinance, judgment, ruling, decree, order, rule or regulation to which the Company is subject or to which any of its properties are subject or which is applicable to the transactions described herein; and no consent, certificate, approval, authorization, order, registration, exemption or qualification of or with any court or any regulatory authority or any governmental authority or body is required for the execution and delivery of the Agreement by the Company or in connection with the Project, the Agreement or the transactions contemplated thereby, except those already obtained.

6. NO LITIGATION: No litigation, proceeding, suit, inquiry, action or investigation at law or in equity is pending or, to the knowledge of the undersigned, threatened (or is there any basis therefor), against or affecting the Company in or before or by any court, public board or administrative body, which would restrain or enjoin the execution or delivery of the Documents or the performance of any obligations of the Company contained therein or matters in connection therewith, or in any way contesting or affecting the Documents, or attempting to limit, restrain, enjoin or prevent the Company from functioning and making the payments required thereunder, or which questions the validity of the Documents or any documents or the transactions contemplated thereby, or contesting the corporate existence of the Company, or wherein an unfavorable decision, ruling or finding would have a material adverse effect upon the financial condition of the Company, the validity or enforceability of the Documents, the Company's ability to perform its obligations under the Documents or the corporate existence or powers of the Company. There is no action or proceeding pending or threatened that would liquidate or dissolve the Company.

7. AGREEMENTS AND OBLIGATIONS: All agreements, covenants, arrangements and conditions to be complied with or satisfied and all obligations to be performed by the Company pursuant to or in connection with the Documents or the transactions contemplated thereby on or prior to the date of such documents have been complied with, satisfied and performed and there are no defaults or events of default under the Documents or such documents which have occurred and are continuing.

8. NO CHANGE IN CONDITION: There have been no undisclosed material adverse changes in the financial condition of the Company since the offer by the Authority to purchase the Bonds.

9. LETTERS OF CREDIT: The Company has obtained and will maintain one or more Letters of Credit, including all extensions thereof, or renewal or replacement Letters of Credit, to fund the respective reserve account for the Bonds, so long as the Bonds are outstanding, unless such requirement is waived by the Council and the BPH. Without limiting the generality of the foregoing, the Company further agrees to promptly pay all fees and expenses in connection with any such Letter of Credit, which payments shall be in addition to any other financial obligations of the Company with respect to the Bonds or otherwise to the Issuer.

10. PUBLIC SERVICE COMMISSION ORDERS: The Issuer and the Company have received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer and the Company have received the Final Orders of the Public Service Commission of West Virginia entered on October 17, 1997, March 11, 1999, May 3, 1999, and December 9, 1999, in Case No. 96-1338-W-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, establishing the rates and approving the financing for the Project. The time for appeal of all such Final Orders has expired prior to the date hereof without any appeal.

IN WITNESS WHEREOF, I have hereunto set my hand on this 26th day of April, 2000.

WEST VIRGINIA-AMERICAN WATER COMPANY

Michael A. Miller
Vice President

ATTEST:

Stephen N. Chambers
Secretary

State of West Virginia

Certificate

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

WEST VIRGINIA-AMERICAN WATER COMPANY

was incorporated under the laws of West Virginia and a Certificate of Incorporation was issued by my office. The corporation has not been dissolved according to my records.

I further certify that the Tax Commisioner of West Virginia advises me that the corporation has paid all annual license taxes that are now due, and that the corporation is in good standing with the State of West Virginia.

ACCORDINGLY, I issue this

CERTIFICATE OF GOOD STANDING

Given under my hand and the Great Seal of the State of West Virginia on this day of April 18, 2000

Secretary of State

BOONE COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia DWTRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Kendall K. Mitzner, Registered Professional Engineer, West Virginia License No. 012292, of West Virginia-American Water Company, Charleston, West Virginia (the "Company"), Consulting Engineers, hereby certify as follows:

1. My company is engineer for the acquisition and construction of certain improvements and extensions to the existing public water system (the "Project") of the Boone County Public Service District (the "Issuer"), to be constructed primarily in Boone County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meanings set forth in the Bond Resolution adopted by the Issuer on April 24, 2000, the Loan Agreement dated April 17, 2000, 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") and the Loan Agreement dated April 17, 2000, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreements").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying certain costs of issuance and related costs.

3. To the best of our 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 the Company and approved by the BPH, the Council and the Public Service Commission of West Virginia and any change orders approved by the Issuer, the BPH, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 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 as set forth in the Schedule B attached hereto as Exhibit A and the Company has ascertained that all successful bidders have made

required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the BPH, the Council and the Public Service Commission of West Virginia and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System, (ix) as of the effective date thereof, in reliance upon the certificate of the Issuer's certified public accountant, Larry A. Penix, C.P.A., of even date herewith, the use fees to be received by the Issuer from the Company under the Agreement dated October 28, 1996, as amended, will be sufficient to comply with the provisions of the Loan Agreements; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule B attached hereto; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

WITNESS my signature and seal on this 26th day of April, 2000.

WEST VIRGINIA-AMERICAN
WATER COMPANY

(SEAL)

Kendall K. Mitzner, P.E.
West Virginia License No. 012292

04/19/00
091620/99001

CH592553.2

Revised 3-29-00

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

BOONE COUNTY REGIONAL WATER SUPPLY PROJECT

SCHEDULE B

TOTAL PROJECT

CONTRACTS 1 THRU 13

LINE ITEMS	EDA ENG.	EDA CONST	EDA ADMIN	EDA CONT.	IJDC CONST	IJDC ADMIN	IJDC INT & RES	IJDC INSPECT	IJDC CONT.	COAL MIT.	ARC CONST	DWTRF CONST	DWTRF CONT.	DWTRF INT & RES	AML CONST	GOV OFF. CONST	HUD/ SCBG CONST	WVAWC		TOTALS
ADMINISTRATION - RIC	0	0	0	0	0	20,000	0	0	0	4,000	0	0	0	0	0	0	0	0		24,000
ENG. ADMINISTRATION - S&S ENG	0	0	9,831	0	0	53,969	0	0	0	17,900	0	0	0	0	0	0	0	0		81,700
COUNTY ADMINISTRATION - BCC	0	0	0	0	0	8,000	0	0	0	2,000	0	0	0	0	0	0	0	0		10,000
COUNTY FISCAL	0	0	0	0	0	6,000	0	0	0	1,000	0	0	0	0	0	0	0	0		7,000
COUNTY COMM. ATT. SPILLMAN, E	0	0	0	0	0	13,200	0	0	0	2,200	0	0	0	0	0	0	0	0		15,400
BOND COUNCIL - STEPTOE & JOHN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	30,000		30,000
TITLE REPORT ATTORNEY	0	0	0	0	0	30,000	0	0	0	5,000	0	0	0	0	0	0	0	0		35,000
CONDEMNATION ATTORNEY	0	0	0	0	0	20,000	0	0	0	0	0	0	0	0	0	0	0	0		20,000
CONDEMNATION OF PROPERTY	0	0	0	0	0	10,000	0	0	0	0	0	0	0	0	0	0	0	0		10,000
LAND ACQUISITION	0	0	0	0	0	12,000	0	0	0	0	0	0	0	0	0	0	0	0		12,000
SUB TOTAL OF ADMIN/LEGAL/ROW	0	0	9,831	0	0	173,169	0	0	0	32,100	0	0	0	0	0	0	0	30,000		245,100
INSPECTION	67,500	0	0	0	0	0	0	293,500	0	101,300	0	0	0	0	0	0	0	0		462,300
CONSTRUCTION	0	549,230	0	0	3,290,318	6,470	0	0	0	494,303	1,000,000	2,059,000	0	0	1,471,236	1,000,000	1,250,000	12,542,294		23,662,851
CONSTRUCTION ALTERNATIVES	0	167,856	0	0	337,319	0	0	0	0	0	0	0	0	0	0	0	0	0		505,175
SUB TOTAL OF CONSTRUCTION	0	717,086	0	0	3,627,637	6,470	0	0	0	494,303	1,000,000	2,059,000	0	0	1,471,236	1,000,000	1,250,000	12,542,294		24,168,026
CONTINGENCY	0	0	0	165,583	0	0	0	0	808,385	572,297	0	0	71,000	0	0	0	0	0		1,617,265
SUB TOTAL CONTRACT COST	67,500	717,086	9,831	165,583	3,627,637	179,639	0	293,500	808,385	1,200,000	1,000,000	2,059,000	71,000	0	1,471,236	1,000,000	1,250,000	12,572,294		26,492,691
ENG. DESIGN, INSPECT, LEGAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,777,861		4,777,861
TOTAL CONTRACT COST	67,500	717,086	9,831	165,583	3,627,637	179,639	0	293,500	808,385	1,200,000	1,000,000	2,059,000	71,000	0	1,471,236	1,000,000	1,250,000	17,350,155		31,270,552

SUMMARY OF FUNDS:

	WVAWC	PUBLIC	TOTAL	COMMITM	DIFF
IJDC LOAN	0	4,909,161	4,909,161	4,909,161	0
DWTRF	0	2,130,000	2,130,000	2,130,000	0
AML	0	1,471,236	1,471,236	1,471,236	0
HUD	0	1,250,000	1,250,000	1,250,000	0
ARC	0	1,000,000	1,000,000	1,000,000	0
EDA	0	960,000	960,000	960,000	0
COAL MIT.	0	1,200,000	1,200,000	1,200,000	0
GOV. OFF.	0	1,000,000	1,000,000	1,000,000	0
WVAWC	16,603,649	746,506	17,350,155	17,350,155	0
TOTAL	16,603,649	14,666,903	31,270,552	31,270,552	0

Governmental Agency
Boone County Pulic Service District
Lyle Roy, Chairman

Date: April 26, 2000

Consulting Engineer
West Virginia - American Water Company
Kendall K. Mitzner, Director of Engineering

Date: April 26, 2000

BOONE COUNTY REGIONAL WATER SUPPLY PROJECT

SCHEDULE B

PUBLIC CONTRACTS

CONTRACTS 6A, 6B, 7, 8A, 8B, 9, 10 & 11

LINE ITEMS	EDA ENG.	EDA CONST	EDA ADMIN	EDA CONT	IJDC CONST	IJDC ADMIN	IJDC INT & RES	IJDC INSPECT	IJDC CONT.	COAL MIT.	ARC CONST	DWTRF CONST	DWTRF CONT.	DWTRF INT & RES	AML CONST	GOV OFF. CONST.	HUD/ SCBG CONST	WVAWC		TOTALS
ADMINISTRATION - RIC	0	0	0	0	0	20,000	0	0	0	4,000	0	0	0	0	0	0	0	0		24,000
ENG. ADMINISTRATION - S&S ENG	0	0	9,831	0	0	53,969	0	0	0	17,900	0	0	0	0	0	0	0	0		81,700
COUNTY ADMINISTRATION - BCC	0	0	0	0	0	8,000	0	0	0	2,000	0	0	0	0	0	0	0	0		10,000
COUNTY FISCAL	0	0	0	0	0	6,000	0	0	0	1,000	0	0	0	0	0	0	0	0		7,000
COUNTY COMM. ATT. SPILLMAN EC	0	0	0	0	0	13,200	0	0	0	2,200	0	0	0	0	0	0	0	0		15,400
BOND COUNCIL - STEPTOE & JOHN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	30,000		30,000
TITLE REPORT ATTORNEY	0	0	0	0	0	30,000	0	0	0	5,000	0	0	0	0	0	0	0	0		35,000
CONDEMNATION ATTORNEY	0	0	0	0	0	20,000	0	0	0	0	0	0	0	0	0	0	0	0		20,000
CONDEMNATION OF PROPERTY	0	0	0	0	0	10,000	0	0	0	0	0	0	0	0	0	0	0	0		10,000
LAND ACQUISITION	0	0	0	0	0	12,000	0	0	0	0	0	0	0	0	0	0	0	0		12,000
SUB TOTAL OF ADMIN/LEGAL/ROW	0	0	9,831	0	0	173,169	0	0	0	32,100	0	0	0	0	0	0	0	30,000		245,100
INSPECTION	67,500	0	0	0	0	0	0	293,500	0	101,300	0	0	0	0	0	0	0	0		462,300
CONSTRUCTION	0	549,230	0	0	3,290,318	6,470	0	0	0	494,303	1,000,000	2,059,000	0	0	1,471,236	1,000,000	1,250,000	0		11,120,557
CONSTRUCTION ALTERNATIVES	0	167,856	0	0	337,319	0	0	0	0	0	0	0	0	0	0	0	0	0		505,175
SUB TOTAL OF CONSTRUCTION	0	717,086	0	0	3,627,637	6,470	0	0	0	494,303	1,000,000	2,059,000	0	0	1,471,236	1,000,000	1,250,000	0		11,625,732
CONTINGENCY	0	0	0	165,583	0	0	0	0	808,385	572,297	0	0	71,000	0	0	0	0	0		1,617,265
SUB TOTAL CONTRACT COST	67,500	717,086	9,831	165,583	3,627,637	179,639	0	293,500	808,385	1,200,000	1,000,000	2,059,000	71,000	0	1,471,236	1,000,000	1,250,000	30,000		13,950,397
ENG. DESIGN, INSPECT, LEGAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	716,506		716,506
TOTAL CONTRACT COST	67,500	717,086	9,831	165,583	3,627,637	179,639	0	293,500	808,385	1,200,000	1,000,000	2,059,000	71,000	0	1,471,236	1,000,000	1,250,000	746,506		14,666,903

SUMMARY OF FUNDS:

	WVAWC	PUBLIC	TOTAL	COMMITM	DIFF
IJDC LOAN	0	4,909,161	4,909,161	4,909,161	0
DWTRF	0	2,130,000	2,130,000	2,130,000	0
AML	0	1,471,236	1,471,236	1,471,236	0
HUD	0	1,250,000	1,250,000	1,250,000	0
ARC	0	1,000,000	1,000,000	1,000,000	0
EDA	0	960,000	960,000	960,000	0
COAL MIT.	0	1,200,000	1,200,000	1,200,000	0
GOV. OFF.	0	1,000,000	1,000,000	1,000,000	0
WVAWC	16,603,649	746,506	17,350,155	17,350,155	0
TOTAL	16,603,649	14,666,903	31,270,552	31,270,552	0

SOONE COUNTY REGIONAL WATER SUPPLY PROJECT

SCHEDULE B

CONTRACTS 1, 2, 3, 4, 5, 12 , & 13

WEST VIRGINIA - AMERICAN WATER COMPAMY

LINE ITEMS	EDA ENG.	EDA CONST	EDA ADMIN	EDA CONT.	IJDC CONST	IJDC ADMIN	IJDC INT & RES	IJDC INSPECT	IJDC CONT.	COAL MIT.	ARC CONST	DWTRF CONST	DWTRF CONT.	DWTRF INT & RES	AML CONST	GOV OFF. CONST.	HUD/ SCBG CONST	WVAWC		TOTALS
ADMINISTRATION - RIC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
ENG. ADMINISTRATION - S&S ENG	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
COUNTY ADMINISTRATION - BCC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
COUNTY FISCAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
COUNTY COMM. ATT. SPILLMAN. EC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
BOND COUNCIL - STEPTOE & JOHN	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
TITLE REPORT ATTORNEY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
CONDEMNATION ATTORNEY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
CONDEMNATION OF PROPERTY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
LAND ACQUISITION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
SUB TOTAL OF ADMIN/LEGAL/ROW	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
INSPECTION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
CONSTRUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	12542294		12542294
CONSTRUCTION ALTERNATIVES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
SUB TOTAL OF CONSTRUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	12542294		12542294
CONTINGENCY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
SUB TOTAL CONTRACT COST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	12542294		12542294
ENG. DESIGN, INSPECT, LEGAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4061355		4061355
TOTAL CONTRACT COST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16603649		16603649

SUMMARY OF FUNDS:

	WVAWC	PUBLIC	TOTAL	COMMITM	DIFF
IJDC LOAN	0	4,909,161	4,909,161	4,909,161	0
DWTRF	0	2,130,000	2,130,000	2,130,000	0
AML	0	1,471,236	1,471,236	1,471,236	0
HUD	0	1,250,000	1,250,000	1,250,000	0
ARC	0	1,000,000	1,000,000	1,000,000	0
EDA	0	960,000	960,000	960,000	0
COAL MIT.	0	1,200,000	1,200,000	1,200,000	0
GOV. OFF.	0	1,000,000	1,000,000	1,000,000	0
WVAWC	16,603,649	746,506	17,350,155	17,350,155	0
					0
TOTAL	16,603,649	14,668,903	31,270,552	31,270,552	0

BOONE COUNTY REGIONAL WATER SUPPLY PROJECT

SCHEDULE B

CONTRACT 1

MARMET TO TOP OF LENS CREEK MOUNTAIN

LINE ITEMS	EDA ENG.	EDA CONST	EDA ADMIN	EDA CONT.	IJDC CONST	IJDC ADMIN	IJDC INT & RES	IJDC INSPECT	IJDC CONT.	COAL MIT.	ARC CONST	DWTRF CONST	DWTRF CONT.	DWTRF INT & RES	AML CONST	GOV OFF. CONST.	HUD/SCBG CONST	WVAWC		TOTALS
ADMINISTRATION - RIC																				0
ENG. ADMINISTRATION - S&S ENG																				0
COUNTY ADMINISTRATION - BCC																				0
COUNTY FISCAL																				0
COUNTY COMM. ATT. SPILLMAN..ECT.																				0
BOND COUNCIL - STEPTOE & JOHNSON																				0
TITLE REPORT ATTORNEY																				0
CONDEMNATION ATTORNEY																				0
CONDEMNATION OF PROPERTY																				0
LAND ACQUISITION																				0
																				0
SUB TOTAL OF ADMIN/LEGAL/ROW	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
																				0
																				0
																				0
INSPECTION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
CONSTRUCTION																				
CONSTRUCTION ALTERNATIVES																		2,458,246		2,458,246
																				0
SUB TOTAL OF CONSTRUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,458,246		2,458,246
CONTINGENCY																				0
SUB TOTAL CONTRACT COST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,458,246		2,458,246
ENG. DESIGN, INSPECT, LEGAL																		479,509		479,509
TOTAL CONTRACT COST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,937,755		2,937,755

BOONE COUNTY REGIONAL WATER SUPPLY PROJECT

SCHEDULE B

CONTRACT 2

TOP OF LENS CREEK MOUNTAIN TO TOP OF DRAWDY MOUNTAIN

LINE ITEMS	EDA ENG.	EDA CONST	EDA ADMIN	EDA CONT.	IJDC CONST	IJDC ADMIN	IJDC INT & RES	IJDC INSPECT	IJDC CONT.	COAL MIT.	ARC CONST	DWTRF CONST	DWTRF CONT.	DWTRF INT & RES	AML CONST	GOV OFF. CONST.	HUD/ SCBG CONST	WVAWC		TOTALS
ADMINISTRATION - RIC																				0
ENG. ADMINISTRATION - S&S ENG																				0
COUNTY ADMINISTRATION - BCC																				0
COUNTY FISCAL																				0
COUNTY COMM. ATT. SPILLMAN. ECT.																				0
BOND COUNCIL - STEPTOE & JOHNSON																				0
TITLE REPORT ATTORNEY																				0
CONDEMNATION ATTORNEY																				0
CONDEMNATION OF PROPERTY																				0
LAND ACQUISITION																				0
																				0
SUB TOTAL OF ADMIN/LEGAL/RO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
																				0
																				0
																				0
INSPECTION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
CONSTRUCTION																		3,751,221		3,751,221
CONSTRUCTION ALTERNATIVES																				0
SUB TOTAL OF CONSTRUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,751,221		3,751,221
CONTINGENCY																				0
SUB TOTAL CONTRACT COST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,751,221		3,751,221
ENG. DESIGN, INSPECT, LEGAL																		594,150		594,150
TOTAL CONTRACT COST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,345,371		4,345,371

BOONE COUNTY REGIONAL WATER SUPPLY PROJECT

SCHEDULE B

CONTRACT 3

THROUGH DANVILLE AND MADISON

LINE ITEMS	EDA ENG.	EDA CONST	EDA ADMIN	EDA CONT.	IJDC CONST	IJDC ADMIN	IJDC INT & RES	IJDC INSPECT	IJDC CONT.	COAL MIT.	ARC CONST	DWTRF CONST	DWTRF CONT.	DWTRF INT & RES	AML CONST	GOV OFF. CONST.	HUD/ SCBG CONST	WVAWC		TOTALS
ADMINISTRATION - RIC																				0
ENG. ADMINISTRATION - S&S ENG																				0
COUNTY ADMINISTRATION - BCC																				0
COUNTY FISCAL																				0
COUNTY COMM. ATT. SPILLMAN, ECT.																				0
BOND COUNCIL - STEPTOE & JOHNSON																				0
TITLE REPORT ATTORNEY																				0
CONDEMNATION ATTORNEY																				0
CONDEMNATION OF PROPERTY																				0
LAND ACQUISITION																				0
																				0
SUB TOTAL OF ADMIN/LEGAL/RO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
																				0
																				0
																				0
INSPECTION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
CONSTRUCTION																				
CONSTRUCTION ALTERNATIVES																		2,041,000		2,041,000
																				0
SUB TOTAL OF CONSTRUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,041,000		2,041,000
CONTINGENCY																				0
SUB TOTAL CONTRACT COST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,041,000		2,041,000
ENG. DESIGN, INSPECT, LEGAL																		444,714		444,714
TOTAL CONTRACT COST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,485,714		2,485,714

BOONE COUNTY REGIONAL WATER SUPPLY PROJECT

SCHEDULE B

CONTRACT 4

LENS CREEK AND DRAWDY MOUNTAIN STORAGE TANKS

LINE ITEMS	EDA ENG.	EDA CONST	EDA ADMIN	EDA CONT.	IJDC CONST	IJDC ADMIN	IJDC INT & RES	IJDC INSPECT	IJDC CONT.	COAL MIT.	ARC CONST	DWTRF CONST	DWTRF CONT.	DWTRF INT & RES	AML CONST	GOV OFF. CONST.	HUD/ SCBG CONST	WVAWC		TOTALS
ADMINISTRATION - RIC																				0
ENG. ADMINISTRATION - S&S ENG																				0
COUNTY ADMINISTRATION - BCC																				0
COUNTY FISCAL																				0
COUNTY COMM. ATT. SPILLMAN, ECT.																				0
BOND COUNCIL - STEPTOE & JOHNSON																				0
TITLE REPORT ATTORNEY																				0
CONDEMNATION ATTORNEY																				0
CONDEMNATION OF PROPERTY																				0
LAND ACQUISITION																				0
																				0
SUB TOTAL OF ADMIN/LEGAL/RO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
																				0
																				0
																				0
INSPECTION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
CONSTRUCTION																				
CONSTRUCTION ALTERNATIVES																		1,620,947		1,620,947
SUB TOTAL OF CONSTRUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,620,947		0
CONTINGENCY																				1,620,947
SUB TOTAL CONTRACT COST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,620,947		0
ENG. DESIGN, INSPECT, LEGAL																				1,620,947
TOTAL CONTRACTCOST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	340,343		340,343
																		1,961,290		1,961,290

BOONE COUNTY REGIONAL WATER SUPPLY PROJECT

SCHEDULE B

CONTRACT 5

METERS, CONTROLS, DEBT, AND MATERIALS FOR WHITE OAK

LINE ITEMS	EDA ENG.	EDA CONST	EDA ADMIN	EDA CONT.	IJDC CONST	IJDC ADMIN	IJDC INT & RES	IJDC INSPECT	IJDC CONT.	COAL MIT.	ARC CONST	DWTRF CONST	DWTRF CONT.	DWTRF INT & RES	AML CONST	GOV OFF. CONST.	HUD/ SCBG CONST	WVAWC		TOTALS
ADMINISTRATION - RIC																				0
ENG. ADMINISTRATION - S&S ENG																				0
COUNTY ADMINISTRATION - BCC																				0
COUNTY FISCAL																				0
COUNTY COMM. ATT. SPILLMAN. ECT.																				0
BOND COUNCIL - STEPTOE & JOHNSON																				0
TITLE REPORT ATTORNEY																				0
CONDEMNATION ATTORNEY																				0
CONDEMNATION OF PROPERTY																				0
LAND ACQUISITION																				0
																				0
SUB TOTAL OF ADMIN/LEGAL/RO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
																				0
																				0
																				0
INSPECTION																				0
CONSTRUCTION																		810,880		810,880
CONSTRUCTION ALTERNATIVES																				0
SUB TOTAL OF CONSTRUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	810,880		810,880
CONTINGENCY																				0
SUB TOTAL CONTRACT COST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	810,880		810,880
ENG. DESIGN, INSPECT, LEGAL																		1,820,155		1,820,155
TOTAL CONTRACT COST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,631,035		2,631,035

BOONE COUNTY REGIONAL WATER SUPPLY PROJECT

SCHEDULE B

CONTRACT 6A

CAMP CREEK

LINE ITEMS	EDA ENG.	EDA CONST	EDA ADMIN	EDA CONT.	IJDC CONST	IJDC ADMIN	IJDC INT & RES	IJDC INSPECT	IJDC CONT.	COAL MIT.	ARC CONST	DWTRF CONST	DWTRF CONT.	DWTRF INT & RES	AML CONST	GOV OFF. CONST.	HUD/ SCBG CONST	WVAWC		TOTALS
ADMINISTRATION - RIC						2,500														2,500
ENG. ADMINISTRATION - S&S ENG			9,831																	9,831
COUNTY ADMINISTRATION - BCC						1,000														1,000
COUNTY FISCAL						700														700
COUNTY COMM. ATT. SPILLMAN, ECT.						1,600														1,600
BOND COUNCIL - STEPTOE & JOHNSON																		1,000		1,000
TITLE REPORT ATTORNEY						3,000														3,000
CONDEMNATION ATTORNEY																				0
CONDEMNATION OF PROPERTY																				0
LAND ACQUISITION																				0
																				0
SUB TOTAL OF ADMIN/LEGAL/RO	0	0	9,831	0	0	8,800	0	0	0	0	0	0	0	0	0	0	0	1,000		19,631
																				0
																				0
																				0
INSPECTION	67,500																			67,500
CONSTRUCTION		549,230			699,020															1,248,250
CONSTRUCTION ALTERNATIVES		167,856			213,634															381,490
SUB TOTAL OF CONSTRUCTION	0	717,086	0	0	912,654	0	0	0	0	0	0	0	0	0	0	0	0	0		1,629,740
CONTINGENCY				165,583																165,583
SUB TOTAL CONTRACT COST	67,500	717,086	9,831	165,583	912,654	8,800	0	0	0	0	0	0	0	0	0	0	0	1,000		1,882,454
ENG. DESIGN, INSPECT, LEGAL																		83,800		83,800
TOTAL CONTRACT COST	67,500	717,086	9,831	165,583	912,654	8,800	0	0	0	0	0	0	0	0	0	0	0	84,800		1,966,254

BOONE COUNTY REGIONAL WATER SUPPLY PROJECT

SCHEDULE B

CONTRACT 6B

DARTMONT - EMMONS

LINE ITEMS	EDA ENG.	EDA CONST	EDA ADMIN	EDA CONT.	IJDC CONST	IJDC ADMIN	IJDC INT & RES	IJDC INSPECT	IJDC CONT.	COAL MIT.	ARC CONST	DWTRF CONST	DWTRF CONT.	DWTRF INT & RES	AML CONST	GOV OFF. CONST.	HUD/ SCBG CONST	WVAWC		TOTALS
ADMINISTRATION - RIC						1,500														1,500
ENG. ADMINISTRATION - S&S ENG						3,269														3,269
COUNTY ADMINISTRATION - BCC						1,000														1,000
COUNTY FISCAL						300														300
COUNTY COMM. ATT. SPILLMAN..ECT.						600														600
BOND COUNCIL - STEPTOE & JOHNSON																		1,500		1,500
TITLE REPORT ATTORNEY						2,000														2,000
CONDEMNATION ATTORNEY																				0
CONDEMNATION OF PROPERTY																				0
LAND ACQUISITION																				0
																				0
SUB TOTAL OF ADMIN/LEGAL/RO	0	0	0	0	0	8,669	0	0	0	0	0	0	0	0	0	0	0	1,500		10,169
																				0
																				0
																				0
INSPECTION	0	0	0	0	0	0	0	6,700	0	0	0	0	0	0	0	0	0	0		6,700
CONSTRUCTION					772,420	6470														778,890
CONSTRUCTION ALTERNATIVES					123,685															123,685
SUB TOTAL OF CONSTRUCTION	0	0	0	0	896,105	6,470	0	0	0	0	0	0	0	0	0	0	0	0		902,575
CONTINGENCY									84,000											84,000
SUB TOTAL CONTRACT COST	0	0	0	0	896,105	15,139	0	6,700	84,000	0	0	0	0	0	0	0	0	1,500		1,003,444
ENG. DESIGN, INSPECT, LEGAL																		68,500		68,500
TOTAL CONTRACT COST	0	0	0	0	896,105	15,139	0	6,700	84,000	0	0	0	0	0	0	0	0	70,000		1,071,944

BOONE COUNTY REGIONAL WATER SUPPLY PROJECT

SCHEDULE B

CONTRACT 7

LOW GAP TO CLOTHIER

LINE ITEMS	EDA ENG.	EDA CONST	EDA ADMIN	EDA CONT.	IJDC CONST	IJDC ADMIN	IJDC INT & RES	IJDC INSPECT	IJDC CONT.	COAL MIT.	ARC CONST	DWTRF CONST	DWTRF CONT.	DWTRF INT & RES	AML CONST	GOV OFF. CONST.	HUD/ SCBG CONST	WVAWC		TOTALS
ADMINISTRATION - RIC										4,000										4,000
ENG. ADMINISTRATION - S&S ENG										17,900										17,900
COUNTY ADMINISTRATION - BCC										2,000										2,000
COUNTY FISCAL										1,000										1,000
COUNTY COMM. ATT. SPILLMAN..ECT.										2,200										2,200
BOND COUNCIL - STEPTOE & JOHNSON																		3,000		3,000
TITLE REPORT ATTORNEY										5,000										5,000
CONDEMNATION ATTORNEY																				0
CONDEMNATION OF PROPERTY																				0
LAND ACQUISITION																				0
																				0
SUB TOTAL OF ADMIN/LEGAL/RO	0	0	0	0	0	0	0	0	0	32,100	0	0	0	0	0	0	0	3,000		35,100
																				0
																				0
																				0
INSPECTION	0	0	0	0	0	0	0	0	0	101,300	0	0	0	0	0	0	0	0		101,300
CONSTRUCTION										494,303					1,471,236	1,000,000				2,965,539
CONSTRUCTION ALTERNATIVES																				0
SUB TOTAL OF CONSTRUCTION	0	0	0	0	0	0	0	0	0	494,303	0	0	0	0	1,471,236	1,000,000	0	0		2,965,539
CONTINGENCY										572,297										572,297
SUB TOTAL CONTRACT COST	0	0	0	0	0	0	0	0	0	1,200,000	0	0	0	0	1,471,236	1,000,000	0	3,000		3,674,236
ENG. DESIGN, INSPECT, LEGAL																		132,900		132,900
TOTAL CONTRACT COST	0	0	0	0	0	0	0	0	0	1,200,000	0	0	0	0	1,471,236	1,000,000	0	135,900		3,807,136

BOONE COUNTY REGIONAL WATER SUPPLY PROJECT

SCHEDULE B

CONTRACT 8B

MEADOW FORK, ALSHIRE BRANCH, DENT FORK, MIKE'S BRANCH, MISSOURI FORK, AND HEWITT CREEK

LINE ITEMS	EDA ENG.	EDA CONST	EDA ADMIN	EDA CONT.	IJDC CONST	IJDC ADMIN	IJDC INT & RES	IJDC INSPECT	IJDC CONT.	COAL MIT.	ARC CONST.	DWTRF CONST	DWTRF CONT.	DWTRF INT & RES	AML CONST	GOV OFF. CONST.	HUD/ SCBG CONST	WVAWC		TOTALS
ADMINISTRATION - RIC						3,500														3,500
ENG. ADMINISTRATION - S&S ENG						10,800														10,800
COUNTY ADMINISTRATION - BCC						1,500														1,500
COUNTY FISCAL						1,000														1,000
COUNTY COMM. ATT. SPILLMAN. ECT.						2,200														2,200
BOND COUNCIL - STEPTOE & JOHNSON																		1,500		1,500
TITLE REPORT ATTORNEY						5,000														5,000
CONDEMNATION ATTORNEY																				0
CONDEMNATION OF PROPERTY																				0
LAND ACQUISITION																				0
SUB TOTAL OF ADMIN/LEGAL/RO	0	0	0	0	0	24,000	0	0	0	0	0	0	0	0	0	0	0	1,500		25,500
																				0
																				0
																				0
INSPECTION	0	0	0	0	0	0	0	61,400	0	0	0	0	0	0	0	0	0	0		61,400
CONSTRUCTION					218,472						734,958						468,471			1,421,901
CONSTRUCTION ALTERNATIVES																				0
SUB TOTAL OF CONSTRUCTION	0	0	0	0	218,472	0	0	0	0	0	734,958	0	0	0	0	0	468,471	0		1,421,901
CONTINGENCY									141,300											141,300
SUB TOTAL CONTRACT COST	0	0	0	0	218,472	24,000	0	61,400	141,300	0	734,958	0	0	0	0	0	468,471	1,500		1,650,101
ENG. DESIGN, INSPECT, LEGAL																		167,300		167,300
TOTAL CONTRACT COST	0	0	0	0	218,472	24,000	0	61,400	141,300	0	734,958	0	0	0	0	0	468,471	168,800		1,817,401

BOONE COUNTY REGIONAL WATER SUPPLY PROJECT

SCHEDULE B

CONTRACT 10

ANDREWS

LINE ITEMS	EDA ENG.	EDA CONST	EDA ADMIN	EDA CONT.	IJDC CONST	IJDC ADMIN	IJDC INT & RES	IJDC INSPECT	IJDC CONT.	COAL MIT.	ARC CONST	DWTRF CONST	DWTRF CONT.	DWTRF INT & RES	AML CONST	GOV OFF. CONST.	HUD/ SCBG CONST	WVAWC		TOTALS
ADMINISTRATION - RIC						3,000														3,000
ENG. ADMINISTRATION - S&S ENG						9,900														9,900
COUNTY ADMINISTRATION - BCC						1,500														1,500
COUNTY FISCAL						1,000														1,000
COUNTY COMM. ATT. SPILLMAN..ECT.						2,200														2,200
BOND COUNCIL - STEPTOE & JOHNSON																		1,000		1,000
TITLE REPORT ATTORNEY						5,000														5,000
CONDEMNATION ATTORNEY						10,000														10,000
CONDEMNATION OF PROPERTY						5,000														5,000
LAND ACQUISITION																				0
SUB TOTAL OF ADMIN/LEGAL/RO	0	0	0	0	0	37,600	0	0	0	0	0	0	0	0	0	0	0	1000		38,600
																				0
																				0
																				0
INSPECTION	0	0	0	0	0	0	0	56,000	0	0	0	0	0	0	0	0	0	0		56,000
CONSTRUCTION					948,580															948,580
CONSTRUCTION ALTERNATIVES																				0
SUB TOTAL OF CONSTRUCTION	0	0	0	0	948,580	0	0	0	0	0	0	0	0	0	0	0	0	0		948,580
CONTINGENCY									94,860											94,860
SUB TOTAL CONTRACT COST	0	0	0	0	948,580	37,600	0	56,000	94,860	0	0	0	0	0	0	0	0	1,000		1,138,040
ENG. DESIGN, INSPECT, LEGAL																		15,000		15,000
TOTAL CONTRACT COST	0	0	0	0	948,580	37,600	0	56,000	94,860	0	0	0	0	0	0	0	0	16,000		1,153,040

BOONE COUNTY REGIONAL WATER SUPPLY PROJECT

SCHEDULE B

CONTRACT 11

INTERCONNECTION WITH VAN AND CLINTON EXTENSIONS

LINE ITEMS	EDA ENG.	EDA CONST	EDA ADMIN	EDA CONT.	IJDC CONST	IJDC ADMIN	IJDC INT & RES	IJDC INSPECT	IJDC CONT.	COAL MIT.	ARC CONST	DWTRF CONST	DWTRF CONT.	DWTRF INT & RES	AML CONST	GOV OFF. CONST.	HUD/ SCBG CONST	WVAWC		TOTALS
ADMINISTRATION - RIC						3,000														3,000
ENG. ADMINISTRATION - S&S ENG						15,200														15,200
COUNTY ADMINISTRATION - BCC						1,000														1,000
COUNTY FISCAL						1,000														1,000
COUNTY COMM. ATT. SPILLMAN, ECT.						2,200														2,200
BOND COUNCIL - STEPTOE & JOHNSON																		20,000		20,000
TITLE REPORT ATTORNEY						5,000														5,000
CONDEMNATION ATTORNEY						10,000														10,000
CONDEMNATION OF PROPERTY						5,000														5,000
LAND ACQUISITION																				0
SUB TOTAL OF ADMIN/LEGAL/RO	0	0	0	0	0	42,400	0	0	0	0	0	0	0	0	0	0	0	20,000		62,400
																				0
																				0
																				0
INSPECTION	0	0	0	0	0	0	0	86,000	0	0	0	0	0	0	0	0	0	0		86,000
CONSTRUCTION					39,155							2,059,000								2,098,155
CONSTRUCTION ALTERNATIVES																				0
SUB TOTAL OF CONSTRUCTION	0	0	0	0	39,155	0	0	0	0	0	0	2,059,000	0	0	0	0	0	0		2,098,155
CONTINGENCY									322,325				71,000							393,325
SUB TOTAL CONTRACT COST	0	0	0	0	39,155	42,400	0	86,000	322,325	0	0	2,059,000	71,000	0	0	0	0	20,000		2,639,880
ENG. DESIGN, INSPECT, LEGAL																		113,106		113,106
TOTAL CONTRACT COST	0	0	0	0	39,155	42,400	0	86,000	322,325	0	0	2,059,000	71,000	0	0	0	0	133,106		2,752,986

BOONE COUNTY REGIONAL WATER SUPPLY PROJECT

SCHEDULE B

CONTRACT 12

VAN, BALD KNOB, AND LANTA BOOSTER STATIONS AND BARRETT AND JAMES BRANCH TANKS

LINE ITEMS	EDA ENG.	EDA CONST	EDA ADMIN	EDA CONT.	IJDC CONST	IJDC ADMIN	IJDC INT & RES	IJDC INSPECT	IJDC CONT.	COAL MIT.	ARC CONST	DWTRF CONST	DWTRF CONT.	DWTRF INT & RES	AML CONST	GOV OFF. CONST.	HUD/ SCBG CONST	WVAWC		TOTALS
ADMINISTRATION - RIC																				0
ENG. ADMINISTRATION - S&S ENG																				0
COUNTY ADMINISTRATION - BCC																				0
COUNTY FISCAL																				0
COUNTY COMM. ATT. SPILLMAN, ECT.																				0
BOND COUNCIL - STEPTOE & JOHNSON																				0
TITLE REPORT ATTORNEY																				0
CONDEMNATION ATTORNEY																				0
CONDEMNATION OF PROPERTY																				0
LAND ACQUISITION																				0
SUB TOTAL OF ADMIN/LEGAL/RO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
																				0
																				0
																				0
INSPECTION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
CONSTRUCTION																		678,000		678,000
CONSTRUCTION ALTERNATIVES																				0
SUB TOTAL OF CONSTRUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	678,000		678,000
CONTINGENCY																				0
SUB TOTAL CONTRACT COST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	678,000		678,000
ENG. DESIGN, INSPECT, LEGAL																		217,182		217,182
TOTAL CONTRACT COST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	895,182		895,182

BOONE COUNTY REGIONAL WATER SUPPLY PROJECT

SCHEDULE B

CONTRACT 13

LENS CREEK AND DRAWDY MOUNTAIN BOOSTER STATIONS

LINE ITEMS	EDA ENG.	EDA CONST	EDA ADMIN	EDA CONT.	IJDC CONST	IJDC ADMIN	IJDC INT & RES	IJDC INSPECT	IJDC CONT.	COAL MIT.	ARC CONST	DWTRF CONST	DWTRF CONT.	DWTRF INT & RES	AML CONST	GOV OFF. CONST.	HUD/ SCBG CONST	WVAWC		TOTALS
ADMINISTRATION - RIC																				0
ENG. ADMINISTRATION - S&S ENG																				0
COUNTY ADMINISTRATION - BCC																				0
COUNTY FISCAL																				0
COUNTY COMM. ATT. SPILLMAN...ECT.																				0
BOND COUNCIL - STEPTOE & JOHNSON																				0
TITLE REPORT ATTORNEY																				0
CONDEMNATION ATTORNEY																				0
CONDEMNATION OF PROPERTY																				0
LAND ACQUISITION																				0
SUB TOTAL OF ADMIN/LEGAL/RO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
																				0
																				0
																				0
INSPECTION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
CONSTRUCTION																		1,182,000		1,182,000
CONSTRUCTION ALTERNATIVES																				0
SUB TOTAL OF CONSTRUCTION	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,182,000		1,182,000
CONTINGENCY																				0
SUB TOTAL CONTRACT COST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,182,000		1,182,000
ENG. DESIGN, INSPECT, LEGAL																		165,302		165,302
TOTAL CONTRACT COST	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,347,302		1,347,302

LARRY A. PENIX, C.P.A.
P.O. BOX 2467
CHARLESTON, WEST VIRGINIA 25309

April 26, 2000

Boone County Public Service District
Water Revenue Bonds, Series 2000A
(West Virginia DWTRF Program)
and
Water Revenue Bonds, Serirs 2000B
(West Virginia Infrastructure Fund)

West Virginia Water
Development Authority
Charleston, West Virginia

West Virginia Infrastructure and
Jobs Development Council
Charleston, West Virginia

West Virginia Bureau for
Public Health
Charleston, West Virginia

Boone County Public Service
District
Danville, West Virginia

Ladies and Gentlemen:

Based upon the agreed payments to be made by West Virginia-American Water Company (the "Company") to Boone County Public Service District (the "Issuer"). under that Certain Agreement dated as of October 28, 1996, as amended , by and between the Company And the District, as approved in the Final Order of the Public Service Commission of West Virginia entered October 17, 1997, in Case No. 96-1338-W-PWD-PC, it is our opinion that such payments will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Issuer, will be sufficient to pay 100% of the maximum amount required in any year for debt service on the Water Revenue Bonds, Series 2000A (West Virginia DWTRF Program) and Water Revenue Bonds Series 2000B (West Virginia Infrastructure Fund), to be issued to the West Virginia Water Development Authority on the date hereof, there being no other bonds, notes or other obligations of the Issuer currently outstanding.

Very truly yours,

Larry A. Penix
CPA

BOONE COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia DWTRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

CERTIFICATE OF LETTER OF CREDIT BANK

The undersigned Senior Vice President of ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia (the "Bank"), hereby certifies in connection with the issuance by the Bank of its Letter of Credit, No. 00-027, dated April 26, 2000, in the amount of $142,000 (the "Series 2000 A Letter of Credit") and its Letter of Credit, No. 00-025, dated April 26, 2000, in the amount of $253,377 (the "Series 2000 B Letter of Credit" and, collectively with the Series 2000 A Letter of Credit, the "Letter of Credit"), for the account of the Boone County Public Service District (the "Issuer"), for and on behalf of the Bank, as follows:

1. The Bank is a national banking association under the laws of the United States of America and qualified to do business in the State of West Virginia, with the power and authority to issue and deliver the Letter of Credit under applicable provisions of law.

2. The Letter of Credit has been duly authorized, executed and delivered by the Bank.

3. The Series 2000 A Letter of Credit is provided to fund the Series 2000 A Bonds Reserve Account and secures the payment of up to $142,000, which we are advised is equal to two year's debt service on the Issuer's Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated April 26, 2000, in the principal amount of $2,130,000. The Series 2000 A Letter of Credit has been delivered by the Bank pursuant to an Application and Agreement for Standby Letter of Credit dated April 20, 2000, and a Note and Security Agreement dated April 26, 2000.

4. The Series 2000 B Letter of Credit is provided to fund the Series 2000 B Bonds Reserve Account and secures the payment of up to $253,377, which we are advised is equal to two year's debt service on the Issuer's Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated April 26, 2000, in the principal amount of $4,909,161. The Series 2000 B Letter of Credit has been delivered by the Bank pursuant to an Application and Agreement for Standby Letter of Credit dated April 20, 2000, and a Note and Security Agreement dated April 26, 2000.

IN WITNESS WHEREOF, ONE VALLEY BANK, NATIONAL ASSOCIATION, has caused this Certificate to be executed by a duly authorized officer, this 26th day of April, 2000.

ONE VALLEY BANK,
NATIONAL ASSOCIATION

By _____
Its Senior Vice President

04/18/00
091620/99001

CH592306.2

BOONE COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds
Series 2000 A (West Virginia DWTRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Boone County Public Service District in Boone County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $2,130,000 Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), and $4,909,161 Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, both dated April 26, 2000 (the "Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on April 24, 2000 (the "Bond Resolution"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on April 26, 2000, the date on which the Bonds are being physically delivered in exchange for an initial advance of $53,250, being a portion of the principal amount of the Series 2000 A Bonds, and $22,212, being a portion of the principal amount of the Series 2000 B Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority"), the West Virginia Bureau for Public Health (the "BPH") or the West Virginia Infrastructure and Jobs

Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2000 A Bonds were sold on April 26, 2000, to the Authority, pursuant to a loan agreement dated April 17, 2000, by and between the Issuer and the Authority, on behalf of the BPH, for an aggregate purchase price of $2,130,000 (100% of par), at which time, the Issuer received $53,250 from the Authority and the BPH, being the first advance of the principal amount of the Series 2000 A Bonds. No accrued interest has been or will be paid on the Series 2000 A Bonds. The balance of the principal amount of the Series 2000 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2000 B Bonds were sold on April 26, 2000, to the Authority, pursuant to a loan agreement dated April 17, 2000, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $4,909,161 (100% of par), at which time, the Issuer received $22,212 from the Authority and the Council, being the first advance of the principal amount of the Series 2000 B Bonds. No accrued interest has been or will be paid on the Series 2000 B Bonds. The balance of the principal amount of the Series 2000 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

8. Within thirty (30) days of the delivery of the Bonds, the Issuer shall enter into agreement which require the Issuer to expend in excess of $100,000 on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the respective Reserve Accounts for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before October 26, 2001. The acquisition and construction of the Project is expected to be completed by April 26, 2001.

9. The total cost of the Project financed from the proceeds of the Bonds (including all costs of issuance of the Bonds) is estimated at $31,270,552. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2000 A Bonds	$ 2,130,000.00
Proceeds of the Series 2000 B Bonds	$ 4,909,161.00
Small Cities Block Grant	$ 1,250,000.00
Appalachian Regional Commission Grant	$ 1,000,000.00
Abandoned Mine Lands Grant	$ 1,471,236.00
West Virginia Division of Environmental Protection Coal Mitigation Fund Grant	$ 1,200,000.00
Governor's Office Grant	$ 1,000,000.00
West Virginia-America Water Company Funds	$17,350,155.00
Economic Development Administration Grant	$ 960,000.00
Total Sources	$31,270,552.00

USES

Costs of Acquisition and Construction of the Project	$31,240,552.00
Capitalized Interest on the Bonds	-0-
Fund Series 2000 A Bonds Reserve Account	-0-
Fund Series 2000 B Bonds Reserve Account	-0-
Costs of Issuance	$ 30,000.00
Total Uses	$31,270,552.00

The total costs of the Project is estimated to be at least equal to the gross proceeds of the Bonds and the grants described above.

10. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2000 Bonds:

(1) Revenue Fund;

(2) Series 2000 Bonds Construction Trust Fund;

(3) Series 2000 A Bonds Sinking Fund;

(4) Series 2000 A Bonds Reserve Account (to be funded with the Series 2000 A Letter of Credit);

(5) Series 2000 B Bonds Sinking Fund; and

(6) Series 2000 B Bonds Reserve Account (to be funded with the Series 2000 B Letter of Credit).

11. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited as follows:

(1) Bond proceeds in the amount of $-0- will be deposited in the Series 2000 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2000 A Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(2) Bond proceeds in the amount of $-0- will be deposited in the Series 2000 B Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2000 B Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(3) The balance of the proceeds of the Series 2000 A Bonds will be deposited in the Series 2000 Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2000 A Bonds and related costs.

(4) The balance of the proceeds of the Series 2000 B Bonds will be deposited in the Series 2000 Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2000 B Bonds and related costs.

12. Moneys held in the Series 2000 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2000 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2000 A Bonds Sinking Fund and Series 2000 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2000 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

13. Moneys held in the Series 2000 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2000 B Bonds and will not be available to meet

costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2000 B Bonds Sinking Fund and Series 2000 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2000 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

14. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 12 months of the date hereof.

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

16. With the exception of the amount deposited in the Series 2000 A Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2000 A Bonds Reserve Account, if any, all of the proceeds of the Series 2000 A Bonds will be expended on the Project within 18 months from the date of issuance thereof.

17. With the exception of the amount deposited in the Series 2000 B Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2000 B Bonds Reserve Account, if any, all of the proceeds of the Series 2000 B Bonds will be expended on the Project within 18 months from the date of issuance thereof.

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

19. The amount designated as cost of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

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

21. The Issuer covenants that it shall maintain thorough and accurate accounting records, in conformance with Generally Accepted Accounting Principles, relative to the proceeds of Bonds so that use of proceeds from each series of the Bonds can be accounted for.

22. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

23. The Issuer shall use the Bond proceeds solely for the costs of the Project.

24. The Bonds are not federally guaranteed.

25. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain public purpose bonds.

26. The Issuer has either (a) funded the Series 2000 A Bonds Reserve Account and Series 2000 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds; (b) created the Series 2000 A Bonds Reserve Account and Series 2000 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2000 A Bonds Reserve Account and Series 2000 B Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year; or (c) purchased letter(s) of credit in amounts sufficient to satisfy the purchasers of the Bonds to fund the Series 2000 A Bonds Reserve Account and Series 2000 B Bonds Reserve Account. Moneys in the Series 2000 A Bonds Reserve Account and Series 2000 B Bonds Reserve Account, if any, and the Series 2000 A Bonds Sinking Fund and Series 2000 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

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

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

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

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

WITNESS my signature on this 26th day of April, 2000.

BOONE COUNTY PUBLIC SERVICE DISTRICT

Chairman Lyle Ray

04/21/00
091620/99001

CH606296.2

BEFORE THE COUNTY COMMISSION OF BOONE COUNTY

A RESOLUTION AND ORDER PROPOSING THE ENLARGEMENT OF DANVILLE PUBLIC SERVICE DISTRICT AND THE MERGER OF COAL RIVER PUBLIC SERVICE DISTRICT, SPRUCE FORK PUBLIC SERVICE DISTRICT, AND VAN PUBLIC SERVICE DISTRICT INTO DANVILLE PUBLIC SERVICE DISTRICT FOR THE PURPOSE OF ACQUIRING, CONSTRUCTING, OPERATING, MAINTAINING AND IMPROVING A PUBLIC WATER SYSTEM OR PUBLIC SEWERAGE SYSTEM, OR BOTH, FOR THE RESIDENTS OF THE SERVICE AREAS OF THESE UNINCORPORATED COMMUNITIES OF BOONE COUNTY AND FIXING A DATE FOR HEARING ON THE PROPOSED MERGER AND PROVIDING FOR THE PUBLICATION OF NOTICE OF SUCH HEARING

WHEREAS, the County Commission of Boone County (the "Commission") deems it necessary and desirable to enlarge and merge, where practicable, the public service districts in Boone County to provide both better and more cost-effective service to the residents of the County;

WHEREAS, pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code, the Commission is empowered to, upon its own motion by order duly adopted, propose the enlargement and merger of public service districts in order to preserve the public health, comfort and convenience of the areas with the public service districts;

WHEREAS, the Commission, after considerable deliberation, has decided that the proposed enlargement of Danville Public Service District and merger of Coal River Public Service District, Spruce Fork Public Service District, and Van Public Service District into Danville Public Service District (the "Districts"), the Districts being located within Boone County and a portion of Logan County, subject to the approval of the Public Service Commission of West Virginia, is necessary for the preservation of the public health, comfort and convenience for the areas presently served by the said Districts.

NOW, THEREFORE, BE IT, AND IT IS, HEREBY, RESOLVED AND ORDERED by the County Commission of Boone County, West Virginia, as follows:

1. That the Commission of Boone County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia, proposed the enlargement of Danville Public Service District and merger of the Districts. Following the enlargement and merger, the area included within Danville Public Service District shall be particularly defined as follows:

TRACT 1 OF DANVILLE PUBLIC SERVICE DISTRICT

Beginning on a point in the Boone and Kanawha County line where it intersects the northern boundary line of Boone-Raleigh PSD at a latitude of N38°04'00" and a longitude of W81°31'05".

Thence leaving the Boone-Raleigh PSD boundary line in a north-western direction following the meanders of the Boone and Kanawha County line to a point where the Boone, Kanawha and Lincoln County lines meet.

Thence following the meanders of the Boone and Lincoln County line in a southern direction to a point where the Boone, Lincoln and Logan County lines meet.

Thence following the meanders of the Boone and Logan County line in a southern direction to a point on the county line having a latitude of N37°56'48" and a longitude of W81°49'55".

Thence south leaving the Boone and Logan County line 0.7 miles into Logan County.

Thence east to a point that intersects the Boone and Logan County line. This area contains 0.23 square miles in Logan County.

Thence following the meanders of the Boone and Logan County line in a southern direction to a point where the Boone, Logan and Wyoming Counties meet.

Thence following the meanders of the Boone and Wyoming County line to a point where Boone, Wyoming and Raleigh County lines meet.

Thence following the meanders of the Boone and Raleigh County line in a northern direction to a point where Boone-Raleigh PSD's southern most corner intersects the Boone and Raleigh County line at a latitude of N37°58'12" and a longitude of W81°32'12".

Thence leaving the Boone and Raleigh County line and following the Boone-Raleigh PSD boundary, N40°00' W 3.85 miles to a point having a latitude N38°00' 46 and a longitude W81°35'00".

Thence north following Boone-Raleigh PSD boundary to a point having a latitude of N38°02'00" and a longitude of W81°35'00".

Thence east 1.8 miles following the Boone-Raleigh PSD boundary to a point having a latitude of N38°02'00" and a longitude of W81°33'00".

Thence north 2.3 miles following the Boone-Raleigh PSD boundary to a point having a latitude of N38°04'00" and a longitude of W81°33'00".

Thence east along the northern most boundary line of Boone-Raleigh PSD to the point of beginning.

TRACT 2 OF DANVILLE PUBLIC SERVICE DISTRICT

Beginning on a point in the Boone and Raleigh County line also the south east corner of Boone-Raleigh PSD at a latitude of N37°59'04" and a longitude of W81°30'00".

Thence leaving the Boone-Raleigh PSD boundary corner in an easterly direction following the meanders of the Boone and Raleigh County line to a point where Boone, Raleigh and Kanawha County lines meet.

Thence following the meanders of the Boone and Kanawha County line to a point on the county line having a latitude of N38°03'42" and a longitude of W81°30'00" in the eastern most line of Boone-Raleigh PSD boundary.

Thence leaving the Boone and Kanawha County line south along the Boone-Raleigh PSD boundary line to the place of beginning.

2. That upon the enlargement of Danville Public Service District and merger of the Districts, Danville Public Service District shall be the surviving entity and the Commission shall have jurisdiction over the newly enlarged and merged district for all purposes, specifically including, but not limited to, appointing the members of the public service board of the District.

3. That on the 6th day of April, 1998, being a day in the regular session of this commission, at the hour of eleven o'clock a.m. prevailing time, the Commission shall meet in Suite 300 of Boone Co. Courthouse Annex at 206 Court Street, Madison, West Virginia, for the purpose of conducting a public hearing on the proposed enlargement of Danville Public Service District and merger of the Districts, at which time and place all persons residing in or owning or having any interest in property in the territory of the Districts may appear before this Commission and shall be provided an opportunity to be heard for or against the proposal.

4. That the Clerk of the Commission shall cause notice of the hearing and a description of the territory of the Districts to be published in the Coal Valley News/ Hometown News newspapers of general circulation published in Boone County, as a Class I legal advertisement in compliance with the provisions of Chapter 59, Article 3 of the Official Code of West Virginia of 1931, as amended, at least ten (10) days prior to the hearing.

5. That the Clerk of the Commission shall notify the Clerk of the County Commission of Logan County, West Virginia, to cause notice of the hearing and a description of the territory of the Districts to be published in a newspaper of general circulation published in the portion of Logan County affected by the merger of the Districts, as a Class I legal advertisement in compliance with the provisions of Chapter 59, Article 3 of the official Code of West Virginia of 1931, as amended, at least ten (10) days prior to the hearing.

6. That the Clerk of the Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission of West Virginia not less than ten (10) days prior to the hearing set forth herein.

By the Order of the County Commission of Boone County this 9th day of March, 1998.

COUNTY COMMISSION OF BOONE COUNTY, WEST VIRGINIA

PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

CLERK

CHASFS3:115214

BEFORE THE COUNTY COMMISSION OF BOONE COUNTY

A RESOLUTION AND ORDER ENLARGING DANVILLE PUBLIC SERVICE DISTRICT AND MERGING COAL RIVER PUBLIC SERVICE DISTRICT, SPRUCE FORK PUBLIC SERVICE DISTRICT, AND VAN PUBLIC SERVICE DISTRICT INTO DANVILLE PUBLIC SERVICE DISTRICT

WHEREAS, the County Commission of Boone County, West Virginia, did heretofore, by Resolution and Order adopted on March 9, 1998, propose the enlargement of Danville Public Service District and merger of Coal River Public Service District, Spruce Fork Public Service District, and Van Public Service District into Danville Public Service District (the "Districts");

WHEREAS, by said March 9, 1998, Resolution and Order, the County Commission of Boone County, West Virginia, did set a hearing on the proposed enlargement of Danville Public Service District and merger of the Districts to be held on April 6, 1998; filed with the Clerk of the County Commission of Boone County a copy of the Resolution and Order; notified the Clerk of the County Commission of Logan County of the date, time, location, and purpose of said hearing; required notice of said hearing be given by Class I legal publication in Boone County and required the Clerk of the County Commission of Boone County to cause a copy of the Resolution and Order to be filed with the Executive Secretary of the Public Service Commission;

WHEREAS, notice of this April 6, 1998, hearing has been given in the manner provided and required by said Resolution and Order and by West Virginia Code § 16-13A-2, and all interested parties have been afforded an opportunity of being heard for and against the enlargement of Danville Public Service District and merger of the Districts, but no written protest has been filed by the requisite number of qualified voters registered and residing within the existing boundaries of the Districts, and said County Commission has given due consideration to all matters for which such hearing was offered; and

WHEREAS, it is now deemed desirous by said County Commission to adopt a Resolution and Order, subject to the approval of the Public Service Commission of West Virginia, enlarging Danville Public Service District and merging the Districts for the purpose of providing water services and for the preservation of the public health, comfort, and convenience for the areas presently being served with water services by the Districts.

NOW, THEREFORE, BE IT, AND IT IS, HEREBY, RESOLVED AND ORDERED by the County Commission of Boone County, West Virginia, as follows:

1. That the County Commission of Boone County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia, enlarges Danville Public Service District and merges Coal River Public Service District,

Spruce Fork Public Service District and Van Public Service District into Danville Public Service District.

The service area of the Danville Public Service District after the enlargement and merger shall be particularly defined as follows:

TRACT 1 OF DANVILLE PUBLIC SERVICE DISTRICT

Beginning on a point in the Boone and Kanawha County line where it intersects the northern boundary line of Boone-Raleigh PSD at a latitude of N38°04'00" and a longitude of W81°31'05".

Thence leaving the Boone-Raleigh PSD boundary line in a north-western direction following the meanders of the Boone and Kanawha County line to a point where the Boone, Kanawha and Lincoln County lines meet.

Thence following the meanders of the Boone and Lincoln County line in a southern direction to a point where the Boone, Lincoln and Logan County lines meet.

Thence following the meanders of the Boone and Logan County line in a southern direction to a point on the county line having a latitude of N37°56'48" and a longitude of W81°49'55".

Thence south leaving the Boone and Logan County line 0.7 miles into Logan County.

Thence east to a point that intersects the Boone and Logan County line. This area contains 0.23 square miles in Logan County.

Thence following the meanders of the Boone and Logan County line in a southern direction to a point where the Boone, Logan and Wyoming Counties meet.

Thence following the meanders of the Boone and Wyoming County line to a point where Boone, Wyoming and Raleigh County lines meet.

Thence following the meanders of the Boone and Raleigh County line in a northern direction to a point where Boone-Raleigh PSD's southern most corner intersects the Boone and Raleigh County line at a latitude of N37°58'12" and a longitude of W81°32'12".

Thence leaving the Boone and Raleigh County line and following the Boone-Raleigh PSD boundary, N40°00' W 3.85 miles to a point having a latitude N38°00' 46 and a longitude W81°35'00".

Thence north following Boone-Raleigh PSD boundary to a point having a latitude of N38°02'00" and a longitude of W81°35'00".

Thence east 1.8 miles following the Boone-Raleigh PSD boundary to a point having a latitude of N38°02'00" and a longitude of W81°33'00".

Thence north 2.3 miles following the Boone-Raleigh PSD boundary to a point having a latitude of N38°04'00" and a longitude of W81°33'00".

Thence east along the northern most boundary line of Boone-Raleigh PSD to the point of beginning.

TRACT 2 OF DANVILLE PUBLIC SERVICE DISTRICT

Beginning on a point in the Boone and Raleigh County line also the south east corner of Boone-Raleigh PSD at a latitude of N37°59'04" and a longitude of W81°30'00".

Thence leaving the Boone-Raleigh PSD boundary corner in an easterly direction following the meanders of the Boone and Raleigh County line to a point where Boone, Raleigh and Kanawha County lines meet.

Thence following the meanders of the Boone and Kanawha County line to a point on the county line having a latitude of N38°03'42" and a longitude of W81°30'00" in the eastern most line of Boone-Raleigh PSD boundary.

Thence leaving the Boone and Kanawha County line south along the Boone-Raleigh PSD boundary line to the place of beginning.

2. That the newly expanded and merged Danville Public Service District shall provide only water services to the areas contained within its boundaries. The original Danville Public Service District, Coal River Public Service District, Spruce Fork Public Service District and Van Public Service District shall remain intact as separate public corporations and political subdivisions for the purpose of providing sewer services to the respective areas served by those districts.

3. That upon approval of the expansion or merger by the West Virginia Public Service Commission and in order to avoid confusion with the existing Danville Public Service District providing sewer services, the newly expanded and merged Danville Public Service District shall be renamed "Boone County Public Service District." The Commission shall appoint a five member board to govern Boone County Public Service District in accordance with West Virginia Code § 16-13A-3.

4. That the County Commission of Boone County shall have jurisdiction over the newly enlarged and merged district for all purposes, specifically including, but not limited to, appointing members of the public service board of the District.

5. That the Clerk of the County Commission of Boone County shall cause a copy of this Resolution and Order to be filed with the Clerk of the County Commission of Logan County to be retained in its office.

6. That the Clerk of the County Commission of Boone County shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission of West Virginia not less than ten (10) days following the adoption hereof.

Entered into the permanent record of Boone County, West Virginia, this 6TH. day of April, 1998.

COUNTY COMMISSION OF BOONE COUNTY, WEST VIRGINIA

PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

CLERK

CHASFS3:115216

BEFORE THE COUNTY COMMISSION OF BOONE COUNTY

A RESOLUTION AND ORDER SETTING THE EFFECTIVE DATE FOR THE ENLARGEMENT OF DANVILLE PUBLIC SERVICE DISTRICT, THE MERGER OF COAL RIVER PUBLIC SERVICE DISTRICT, SPRUCE FORK PUBLIC SERVICE DISTRICT AND VAN PUBLIC SERVICE DISTRICT INTO DANVILLE PUBLIC SERVICE DISTRICT, AND THE RENAMING OF THE ENLARGED AND MERGED ENTITY AS "BOONE COUNTY PUBLIC SERVICE DISTRICT"; CONFIRMING PRIOR RESOLUTIONS AND ORDERS WITH RESPECT TO SAID ENLARGEMENT, MERGER AND RENAMING; AND PROVIDING FOR THE MEMBERSHIP AND TERMS OF OFFICE OF THE PUBLIC SERVICE BOARD OF BOONE COUNTY PUBLIC SERVICE DISTRICT.

WHEREAS, the County Commission of Boone County, West Virginia (the "County Commission") adopted a Resolution and Order on March 9, 1998 (the "March 9, 1998 Order"), proposing (i) the enlargement of Danville Public Service District and (ii) the merger of Coal River Public Service District, Spruce Fork Public Service District, and Van Public Service District (collectively, the "Districts") into Danville Public Service District;

WHEREAS, after publishing legal notice of and holding a public hearing on the proposed enlargement and merger, the County Commission adopted a Resolution and Order on April 6, 1998 (the "April 4, 1998 Order," and together with the March 9, 1998 Order, the "Prior Orders"), which, subject to the approval of the Public Service Commission of West Virginia (the "PSC"), enlarged the territory of Danville Public Service District, merged the Districts with Danville Public Service District and provided that Danville Public Service District would have all the territory of the Districts for purposes of providing water service, provided that Danville Public Service District and the Districts were to remain intact as separate public corporations and political subdivisions for the purpose of providing sewer services to their respective territories, renamed the newly expanded and merged Danville Public Service District as "Boone County Public Service District," and authorized the appointment by the County Commission of a five-member board to govern Boone County Public Service District in accordance with W. Va. Code § 16-13A-3;

WHEREAS, on April 16, 1998, the County Commission, pursuant to the April 6, 1998 Order, petitioned the PSC for approval to enlarge Danville Public Service District, to merge the Districts into the enlarged Danville Public Service District for water service, and to rename Danville Public Service District as "Boone County Public Service District";

WHEREAS, in Commission Orders dated June 18, 1998, and August 28, 1998, the PSC granted the County Commission's petition described above;

WHEREAS, the County Commission desires to set an effective date for the enlargement, merger, and name change described above; to clarify certain issues concerning the continued existence of the Districts with respect to sewer service; to clarify the territory of Boone County Public Service District for purposes of water service; to reaffirm certain earlier appointments by the County Commission to the Public Service Board of Boone County Public Service District and to establish a new effective date for one of those appointments; and to appoint an additional member to the Public Service Board of Boone County Public Service District and to establish that member's term of office.

NOW, THEREFORE, BE IT HEREBY RESOLVED AND ORDERED by the County Commission of Boone County, West Virginia, as follows:

1. The effective date of the enlargement of Danville Public Service District, through the merger of the territory of the Districts with Danville Public Service District, the transfer of the water service assets of Coal River Public Service District and Van Public Service District with Danville Public Service District, and the renaming of the newly-enlarged Danville Public Service District as "Boone County Public Service District" for purposes of providing water service, shall be the earlier of (i) April 28, 1999 or (ii) in the event that the consent of the United States Department of Commerce, Economic Development Administration, to the merger has not been received by that date, on any date within thirty days of April 28, 1999 on which such consent has been received (the "Effective Date"). As soon as possible after the Effective Date, the Public Service Board of the Boone County Public Service District shall promptly inform the County Commission of the actual Effective Date.

2. Pursuant to the April 6, 1998 Order, the County Commission hereby confirms that both the existing Danville Public Service District and the Districts shall remain intact for purposes of providing sewer services and shall retain any and all sewer facilities they now own and sewer customers they now serve. It is anticipated that the County Commission's Resolution and Order dated January 11, 1999 to consolidate the sewer authority of Coal River Public Service District, Van Public Service District and Danville Public Service District with Boone County Public Service District will be approved by the PSC in Boone County Commission, PSC Case No. 99-0108-PWD-PC (the "Proposed Sewer Consolidation").

3. The County Commission clarifies and confirms that the County Commission's use of the term "merger" in the Prior Orders referred to the aggregation of the territories of Danville Public Service District and the Districts for purposes of water service. This "merger" was and is intended to create an expanded public service district for water services only to be named "Boone County Public Service District" that is separate and distinct from Danville Public Service District, the existence of which will continue for the purpose of providing sewer service within its existing territory unless and until the Proposed Sewer Consolidation is approved by the PSC. The term "merger" in the Prior Orders was not used in its strict technical and legal sense, which would connote the joining of several

separate corporate entities into one surviving corporate entity and the resultant termination of the corporate existences of the other merging entities. The County Commission's use of the term "merger" is confirmed by the plain language of paragraphs 2 and 3 of the April 6, 1998 Order; the statements made by the County Commission in the April 6, 1998 public hearing; the exhibits offered into evidence at the PSC's June 15, 1998 hearing on the County Commission's petition for approval; and the repeated references by the PSC to the transfers of "water service" only in its Commission Order dated June 18, 1998.

4. The County Commission reaffirms its appointments of Broaddus Lorrison, Lyle Roy, Toby Waller and Richard Browning to the Public Service Board of Boone County Public Service District. The appointments of Mr. Lorrison and Mr. Roy were made in a Resolution and Order of the County Commission dated September 14, 1998, and the appointments of Mr. Waller and Mr. Browning were made in a Resolution and Order of the County Commission dated November 2, 1998 (collectively, the "Appointment Orders").

5. The County Commission hereby appoints Gary Dickerson to the Public Service Board of the Boone County Public Service District, with a term of office as set forth in paragraph 6 below.

6. In order to achieve strict compliance with the provisions of W. Va. Code § 16-13A-3 governing the terms of office of members of public service boards, the County Commission hereby revokes the terms of office previously established for Mr. Lorrison, Mr. Roy, Mr. Waller and Mr. Browning in the Appointment Orders and establishes the following terms of office for the members of the Public Service Board of Boone County Public Service District:

Member	Term Begins	Term Ends
Broaddus Lorrison	Effective April 1, 1999	March 30, 2005
Lyle Roy	Effective April 1, 1999	March 30, 2001
Toby Waller	Effective April 1, 1999	March 30, 2003
Richard Browning	Effective April 1, 1999	March 30, 2003
Gary Dickerson	Effective April 1, 1999	March 30, 2001

7. The members of the Public Service Board of Boone County Public Service District are directed to take an oath or affirmation of office as soon as is practicable at the offices of the County Commission.

Entered into the permanent record of Boone County, West Virginia, this 19th day of April, 1999.

COUNTY COMMISSION OF BOONE COUNTY, WEST VIRGINIA

PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

CLERK

CHASFS3:143412

BEFORE THE COUNTY COMMISSION OF BOONE COUNTY

A RESOLUTION AND ORDER SETTING THE EFFECTIVE DATE FOR THE ENLARGEMENT OF DANVILLE PUBLIC SERVICE DISTRICT, THE MERGER OF COAL RIVER PUBLIC SERVICE DISTRICT, SPRUCE FORK PUBLIC SERVICE DISTRICT AND VAN PUBLIC SERVICE DISTRICT INTO DANVILLE PUBLIC SERVICE DISTRICT, AND THE RENAMING OF THE ENLARGED AND MERGED ENTITY AS "BOONE COUNTY PUBLIC SERVICE DISTRICT"; CONFIRMING PRIOR RESOLUTIONS AND ORDERS WITH RESPECT TO SAID ENLARGEMENT, MERGER AND RENAMING; AND PROVIDING FOR THE MEMBERSHIP AND TERMS OF OFFICE OF THE PUBLIC SERVICE BOARD OF BOONE COUNTY PUBLIC SERVICE DISTRICT.

WHEREAS, the County Commission of Boone County, West Virginia (the "County Commission") adopted a Resolution and Order on March 9, 1998 (the "March 9, 1998 Order"), proposing (i) the enlargement of Danville Public Service District and (ii) the merger of Coal River Public Service District, Spruce Fork Public Service District, and Van Public Service District (collectively, the "Districts") into Danville Public Service District;

WHEREAS, after publishing legal notice of and holding a public hearing on the proposed enlargement and merger, the County Commission adopted a Resolution and Order on April 6, 1998 (the "April 4, 1998 Order," and together with the March 9, 1998 Order, the "Prior Orders"), which, subject to the approval of the Public Service Commission of West Virginia (the "PSC"), enlarged the territory of Danville Public Service District, merged the Districts with Danville Public Service District and provided that Danville Public Service District would have all the territory of the Districts for purposes of providing water service, provided that Danville Public Service District and the Districts were to remain intact as separate public corporations and political subdivisions for the purpose of providing sewer services to their respective territories, renamed the newly expanded and merged Danville Public Service District as "Boone County Public Service District," and authorized the appointment by the County Commission of a five-member board to govern Boone County Public Service District in accordance with W. Va. Code § 16-13A-3;

WHEREAS, on April 16, 1998, the County Commission, pursuant to the April 6, 1998 Order, petitioned the PSC for approval to enlarge Danville Public Service District, to merge the Districts into the enlarged Danville Public Service District for water service, and to rename Danville Public Service District as "Boone County Public Service District";

WHEREAS, in Commission Orders dated June 18, 1998, and August 28, 1998, the PSC granted the County Commission's petition described above;

WHEREAS, the County Commission desires to set an effective date for the enlargement, merger, and name change described above; to clarify certain issues concerning the continued existence of the Districts with respect to sewer service; to clarify the territory of Boone County Public Service District for purposes of water service; to reaffirm certain earlier appointments by the County Commission to the Public Service Board of Boone County Public Service District and to establish a new effective date for one of those appointments; and to appoint an additional member to the Public Service Board of Boone County Public Service District and to establish that member's term of office.

NOW, THEREFORE, BE IT HEREBY RESOLVED AND ORDERED by the County Commission of Boone County, West Virginia, as follows:

1. The effective date of the enlargement of Danville Public Service District, through the merger of the territory of the Districts with Danville Public Service District, the transfer of the water service assets of Coal River Public Service District and Van Public Service District with Danville Public Service District, and the renaming of the newly-enlarged Danville Public Service District as "Boone County Public Service District" for purposes of providing water service, shall be the earlier of (i) April 28, 1999 or (ii) in the event that the consent of the United States Department of Commerce, Economic Development Administration, to the merger has not been received by that date, on any date within thirty days of April 28, 1999 on which such consent has been received (the "Effective Date"). As soon as possible after the Effective Date, the Public Service Board of the Boone County Public Service District shall promptly inform the County Commission of the actual Effective Date.

2. Pursuant to the April 6, 1998 Order, the County Commission hereby confirms that both the existing Danville Public Service District and the Districts shall remain intact for purposes of providing sewer services and shall retain any and all sewer facilities they now own and sewer customers they now serve. It is anticipated that the County Commission's Resolution and Order dated January 11, 1999 to consolidate the sewer authority of Coal River Public Service District, Van Public Service District and Danville Public Service District with Boone County Public Service District will be approved by the PSC in Boone County Commission, PSC Case No. 99-0108-PWD-PC (the "Proposed Sewer Consolidation").

3. The County Commission clarifies and confirms that the County Commission's use of the term "merger" in the Prior Orders referred to the aggregation of the territories of Danville Public Service District and the Districts for purposes of water service. This "merger" was and is intended to create an expanded public service district for water services only to be named "Boone County Public Service District" that is separate and distinct from Danville Public Service District, the existence of which will continue for the purpose of providing sewer service within its existing territory unless and until the Proposed Sewer Consolidation is approved by the PSC. The term "merger" in the Prior Orders was not used in its strict technical and legal sense, which would connote the joining of several

separate corporate entities into one surviving corporate entity and the resultant termination of the corporate existences of the other merging entities. The County Commission's use of the term "merger" is confirmed by the plain language of paragraphs 2 and 3 of the April 6, 1998 Order; the statements made by the County Commission in the April 6, 1998 public hearing; the exhibits offered into evidence at the PSC's June 15, 1998 hearing on the County Commission's petition for approval; and the repeated references by the PSC to the transfers of "water service" only in its Commission Order dated June 18, 1998.

4. The County Commission reaffirms its appointments of Broaddus Lorrison, Lyle Roy, Toby Waller and Richard Browning to the Public Service Board of Boone County Public Service District. The appointments of Mr. Lorrison and Mr. Roy were made in a Resolution and Order of the County Commission dated September 14, 1998, and the appointments of Mr. Waller and Mr. Browning were made in a Resolution and Order of the County Commission dated November 2, 1998 (collectively, the "Appointment Orders").

5. The County Commission hereby appoints Gary Dickerson to the Public Service Board of the Boone County Public Service District, with a term of office as set forth in paragraph 6 below.

6. In order to achieve strict compliance with the provisions of W. Va. Code § 16-13A-3 governing the terms of office of members of public service boards, the County Commission hereby revokes the terms of office previously established for Mr. Lorrison, Mr. Roy, Mr. Waller and Mr. Browning in the Appointment Orders and establishes the following terms of office for the members of the Public Service Board of Boone County Public Service District:

Member	Term Begins	Term Ends
Broaddus Lorrison	Effective April 1, 1999	March 30, 2005
Lyle Roy	Effective April 1, 1999	March 30, 2001
Toby Waller	Effective April 1, 1999	March 30, 2003
Richard Browning	Effective April 1, 1999	March 30, 2003
Gary Dickerson	Effective April 1, 1999	March 30, 2001

7. The members of the Public Service Board of Boone County Public Service District are directed to take an oath or affirmation of office as soon as is practicable at the offices of the County Commission.

Entered into the permanent record of Boone County, West Virginia, this 19th day of April, 1999.

COUNTY COMMISSION OF BOONE COUNTY, WEST VIRGINIA

PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

CLERK

CHASFS3:143412

STATE OF WEST VIRGINIA, BOONE COUNTY COMMISSION CLERK'S OFFICE

THE FOREGOING WRITING TOGETHER WITH THE ANNEXED CERTIFICATE

-4- BEING DULY STAMPED COUNTY $ 0 STATE $ 0 . WAS

THIS DAY OF 19 AT 2:31 O'CLOCK

TESTE: Gary W. Williams CLERK:

BY Vicki L. Griffith DEPUTY.

FEE $ 11.00

537

1863

RECEIVED
Oct 20 9 46 AM '99
GARY W. WILLIAMS
BOONE COUNTY CLERK

OATH OF OFFICE AND CERTIFICATE

========

STATE OF WEST VIRGINIA,

COUNTY OF BOONE, TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the office of Member Boone Co. Public Service District to the best of my skill and judgement, SO HELP ME GOD.

Gary Dickerson

Gary Dickerson

Subscribed and sworn to before me, in my said County and State, this 19th day of October, 19 99.

Gary W. Williams
Clerk of the County Commission of
Boone County, West Virginia

State of West Virginia,

Boone County Commission Clerk's Office, October 19, 19 99

The foregoing OATH OF OFFICE AND CERTIFICATE was this day admitted to record in my said office.

Teste: Gary W. Williams
Clerk

100

STATE OF WEST VIRGINIA, BOONE COUNTY CLERK'S OFFICE, TO WIT:
I, GARY W. WILLIAMS, CLERK OF THE COUNTY COMMISSION OF BOONE COUNTY WEST VIRGINIA, DO HEREBY CERTIFY THAT THE FOREGOING IS A TRUE AND CORRECT COPY FROM THE RECORDS OF SAID OFFICE, AS THE SAME APPEARS THEREIN.
Cert. of Oath 11 PAGE NO. 100
GIVEN UNDER MY HAND AND SEAL OF SAID OFFICE AT MADISON, WEST VIRGINIA, THIS
APR 13 '06
BY Gary W. Williams
CLERK

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA,
COUNTY OF BOONE, TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the office of Boone County Public Service District to the best of my skill and judgment, SO HELP ME, GOD.

[signature]

Subscribed and sworn to before me, in my said County and State, this 11th day of January, 19 99

[signature]
President of the County Commission of
Boone County, West Virginia.

State of West Virginia,

Boone County Commission Clerk's Office, January 12, 19 99

The foregoing OATH OF OFFICE AND CERTIFICATE was this day admitted to record in my said office.

Teste: Gary W. Williams, Clerk.

RECEIVED
JAN 12 12 08 PM '99
BOONE COUNTY CLERK

814

STATE OF WEST VIRGINIA, BOONE COUNTY CLERK'S OFFICE, TO WIT:
I, GARY W. WILLIAMS, CLERK OF THE COUNTY COMMISSION OF BOONE COUNTY WEST VIRGINIA, DO HEREBY CERTIFY THAT THE FOREGOING IS A TRUE AND CORRECT COPY FROM THE RECORDS OF MY SAID OFFICE, AS THE SAME APPEARS THEREIN.

Cert. of Oath DOCK NO. 10 PAGE NO. 814

GIVEN UNDER MY HAND AND OFFICIAL SEAL, AT MADISON, WEST VIRGINIA, THIS APR 1 - '00

Gary W. Williams
CLERK
Vicki L. Griffy
DEPUTY

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO 64307-D

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA,
COUNTY OF BOONE, TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the office of Boone County Public Service District to the best of my skill and judgment, SO HELP ME, GOD.

Richard Browning X

Subscribed and sworn to before me, in my said County and State, this 11th day of January, 19 99.

President of the County Commission of
Boone County, West Virginia.

State of West Virginia,

Boone County Commission Clerk's Office, January 12, 19 99.

The foregoing OATH OF OFFICE AND CERTIFICATE was this day admitted to record in my said office.

Teste: Gary W. Williams, Clerk.

RECEIVED
JAN 12 12 09 PM '99
BOONE CO. CLERK

815

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO 84307-D

STATE OF WEST VIRGINIA, BOONE COUNTY CLERK'S OFFICE, TO WIT:
I, GARY W. WILLIAMS, CLERK OF THE COUNTY COMMISSION OF BOONE COUNTY, WEST VIRGINIA, DO HEREBY CERTIFY THAT THE FOREGOING IS A TRUE AND CORRECT COPY FROM THE RECORDS OF MY SAID OFFICE, AS THE SAME APPEARS THEREIN.
Oath of Oath 10 PAGE 815
GIVEN UNDER MY HAND AND OFFICIAL SEAL AT MADISON, WEST VIRGINIA, THIS
APR 13 '00
Gary W. Williams
CLERK
Judith L. Griffith
DEPUTY

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA,
COUNTY OF BOONE, TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the office of Boone County Public Service District to the best of my skill and judgment, SO HELP ME, GOD.

Broadden J. Lemmon X

Subscribed and sworn to before me, in my said County and State, this 11th. day of January, 19 99

President of the County Commission of Boone County, West Virginia.

State of West Virginia,

Boone County Commission Clerk's Office, January 12, 19 99

The foregoing OATH OF OFFICE AND CERTIFICATE was this day admitted to record in my said office.

Teste: Gary W. Williams, Clerk.

RECEIVED
JAN 12 12 09 PM '99

STATE OF WEST VIRGINIA, BOONE COUNTY CLERK'S OFFICE TO WIT:
I, GARY W. WILLIAMS, CLERK OF THE COUNTY COMMISSION OF BOONE COUNTY WEST VIRGINIA, DO HEREBY CERTIFY THAT THE FOREGOING IS A TRUE AND CORRECT COPY FROM THE RECORDS OF MY SAID OFFICE, AS THE SAME APPEARS THEREIN.

816
Cert. of Oath

BOOK NO. 10 PAGE NO. 816

GIVEN UNDER MY HAND AND OFFICIAL SEAL, AT MADISON, WEST VIRGINIA, THIS APR 13 '00

Gary W. Williams
Dick L. Griffey

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO 64307-D

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA,
COUNTY OF BOONE, TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the office of Boone County Public Service District to the best of my skill and judgment, SO HELP ME, GOD.

Tyler Roy X

Subscribed and sworn to before me, in my said County and State, this 11th day of January, 19 99.

President of the County Commission of
Boone County, West Virginia.

State of West Virginia,

Boone County Commission Clerk's Office, January 12, 19 99.

The foregoing OATH OF OFFICE AND CERTIFICATE was this day admitted to record in my said office.

Teste: Gary W. Williams, Clerk.

RECEIVED
JAN 12 12 09 PM '99
BOONE CO. CLERK
CHARLESTON, WEST VIRGINIA

817

STATE OF WEST VIRGINIA, BOONE COUNTY CLERK'S OFFICE, TO WIT:
I, GARY W. WILLIAMS, CLERK OF THE COUNTY COMMISSION OF BOONE COUNTY WEST VIRGINIA, DO HEREBY CERTIFY THAT THE FOREGOING IS A TRUE AND CORRECT COPY FROM THE RECORDS OF MY SAID OFFICE, AS THE SAME APPEARS THEREIN.

Cert of Oath 10 PAGE NO. 817

APR 13 '00

Gary W. Williams
Clerk

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO 64307-D

RULES OF PROCEDURE

BOONE COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: BOONE COUNTY PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located on Phipps Avenue, Danville, Boone County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Boone County Public Service District, and in the center "seal" as follows:

Section 4: The fiscal year of the District shall begin on July 1 of each year and shall end on the following June 30.

ARTICLE II

PURPOSE

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

ARTICLE III

MEMBERSHIP

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

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

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings every second Monday at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, 3 members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Boone County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 48 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Boone County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 48 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

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

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

ARTICLE VI

DUTIES OF OFFICERS

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

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts

and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

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

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 24th day of April, 2000.

RECYCLED PAPER
RECYCLABLE

[RESERVED]

[RESERVED]

BOONE COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia DWTRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

MINUTES ON ELECTION OF OFFICERS, ADOPTION OF
BOND RESOLUTION AND SUPPLEMENTAL RESOLUTION

The undersigned, SECRETARY of the Public Service Board of Boone County Public Service District, hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

*** *** ***

The Public Service Board of Boone County Public Service District met in special session, pursuant to notice duly posted, on the 24th day of April, 2000, in Madison, West Virginia, at the hour of 6:00 p.m.

PRESENT:	Lyle Roy	- Chairman and Member
	Richard Browning	- Secretary/Treasurer and Member
	Toby Waller	- Member
	Gary Dickerson	- Member
	Broaddus Lorrison	- Member

ABSENT: None.

Lyle Roy, Chairman, presided, and Richard Browning acted as Secretary.

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

Thereupon, following nomination and vote for each office, the following members were elected to the following offices for the 2000 calendar year:

Lyle Roy	- Chairman
Richard Browning	- Secretary/Treasurer

Thereupon, the Chairman presented proposed Rules of Procedure for consideration and there was discussion. Thereupon, upon motion duly made and seconded,

it was unanimously ordered that the said Rules of Procedure be adopted and be in full force and effect on and from the date hereof.

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

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF BOONE COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $2,130,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), AND NOT MORE THAN $4,909,161 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

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

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER

REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM) AND WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF BOONE COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING A LETTER OF CREDIT TO ADDITIONALLY SECURE THE BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

Chairman Lyle Roy

CERTIFICATION

I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 26th day of April, 2000.

Richard L Browning

Secretary

04/18/00
091620/99001

CH378121.2

WV MUNICIPAL BOND COMMISSION
812 Quarrier Street
Suite 300
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: April 26, 2000

ISSUE: Boone County Public Service District Water Revenue Bonds, Series 2000 A (WV DWTRF Program)

ADDRESS: Post Office Box 287, Danville, West Virginia 25053 COUNTY: Boone

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: April 26, 2000 CLOSING DATE: April 26, 2000

ISSUE AMOUNT: $2,130,000 RATE: 0%; Administration Fee 1%

1ST DEBT SERVICE DUE: September 1, 2001 1ST PRINCIPAL DUE: September 1, 2001

1ST DEBT SERVICE AMOUNT: $17,750.00 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS COUNSEL: Jackson & Kelly
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK: Boone County Bank, Inc.
Contact Person: Ms. Linda Chambers
Phone: (304) 369-2407

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Mr. Fred Riggleman
Position: Manager - Boone County Public Service District
Phone: (304) 369-2622

OTHER: WV Bureau for Public Health
Contact Person: Walt Ivey, P.E.
Function: Staff Engineer
Phone: (304) 558-2981

DEPOSITS TO MBC AT CLOSE:
By: _____ Wire
_____ Check

____ Accrued Interest: $_____
____ Capitalized Interest: $_____
____ Reserve Account: $_____
____ Other: _____ $_____

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

____ To Escrow Trustee: $_____
____ To Issuer $_____
____ To Cons. Invest. Fund $_____
____ To Other: _____ $_____

NOTES: Series 2000 A Bonds Reserve Account to be funded with a letter of credit from One Valley Bank at closing.

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

CH378111.2

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

WV MUNICIPAL BOND COMMISSION
812 Quarrier Street
Suite 300
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: April 26, 2000

ISSUE: Boone County Public Service District Water Revenue Bonds, Series 2000 B (WV Infrastructure Fund)

ADDRESS: Post Office Box 287, Danville, West Virginia 25053 COUNTY: Boone

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: April 26, 2000

CLOSING DATE: April 26, 2000

ISSUE AMOUNT: $4,909,161

RATE: 0%

1ST DEBT SERVICE DUE: September 1, 2001

1ST PRINCIPAL DUE: September 1, 2001

1ST DEBT SERVICE AMOUNT: $31,673.00

PAYING AGENT: Municipal Bond Commission

BOND
COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS
COUNSEL: Jackson & Kelly
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK: Boone County Bank, Inc.
Contact Person: Ms. Linda Chambers
Phone: (304) 369-2407

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Mr. Fred Riggleman
Position: Manager - Boone County Public Service District
Phone: (304) 369-2622

OTHER: WV Infrastructure and Jobs Development Council
Contact Person: Katy Mallory, P.E.
Function: Executive Director
Phone: (304) 558-4607

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

____ Accrued Interest: $____
____ Capitalized Interest: $____
____ Reserve Account: $____
____ Other: ____ $____

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

____ To Escrow Trustee: $____
____ To Issuer $____
____ To Cons. Invest. Fund $____
____ To Other: ____ $____

NOTES: Series 2000 B Bonds Reserve Account to be funded with a letter of credit from One Valley Bank at closing.

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

CH378115.2

29B

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

BOONE COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia DWTRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

The BOONE COUNTY BANK, INC., Madison, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of Boone County Public Service District (the "Issuer") adopted by the Issuer on April 24, 2000, and a Supplemental Resolution adopted by the Issuer on April 24, 2000 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program) and Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), both dated April 26, 2000, issued in the respective original aggregate principal amounts of $2,130,000 and $4,909,161 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 26th day of April, 2000.

BOONE COUNTY BANK, INC.

Charles J Warnes
Executive Vice President

04/24/00
091620/99001

BOONE COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia DWTRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Boone County Public Service District Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program) and Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), both dated April 26, 2000, issued in the respective original aggregate principal amounts of $2,130,000 and $4,909,161 (collectively, the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 26th day of April, 2000.

ONE VALLEY BANK, NATIONAL
ASSOCIATION

Charlotte L Morgan

Assistant Vice President

04/17/00
091620/99001

BOONE COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia DWTRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of Boone County Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Water Revenue Bond, Series 2000 A (West Virginia DWTRF Program), of the Issuer, dated April 26, 2000, in the principal amount of $2,130,000, numbered AR-1, and the single, fully registered Water Revenue Bond, Series 2000 B (West Virginia Infrastructure Fund), of the Issuer, dated April 26, 2000, in the principal amount of $4,909,161, numbered BR-1, were registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 26th day of April, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION

Assistant Vice President

04/17/00
091620/99001

BOONE COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 A (West Virginia DWTRF Program) and
Series 2000 B (West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 26th day of April, 2000, by and between BOONE COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $2,130,000 Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), and $4,909,161 Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), in fully registered form (collectively, the "Bonds"), pursuant to a Bond Resolution of the Issuer duly adopted April 24, 2000, and a Supplemental Resolution of the Issuer duly adopted April 24, 2000 (collectively, the "Bond Legislation");

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

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

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

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

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

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

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

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

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

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

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

ISSUER:	Boone County Public Service District Post Office Box 287 Danville, West Virginia 25053 Attention: Chairman
REGISTRAR:	One Valley Bank, National Association Post Office Box 1793 One Valley Square Charleston, West Virginia 25326 Attention: Corporate Trust Department

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

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

BOONE COUNTY PUBLIC SERVICE DISTRICT

Chairman

ONE VALLEY BANK, NATIONAL ASSOCIATION

Assistant Vice President

04/18/00
091620/99001

CH592293.2

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

THIS AGREEMENT is made as of this 28th day of October 1996, by and between WEST VIRGINIA-AMERICAN WATER COMPANY, a West Virginia corporation ("Company"), and the DANVILLE PUBLIC SERVICE DISTRICT ("DPSD"), a public service district created under the provisions of W. Va. Code § 16-13A-1.

WITNESSETH:

WHEREAS, Company, by Agreements of Purchase previously submitted to the Public Service Commission of West Virginia ("Public Service Commission") has requested approval to acquire the water utility assets of the Coal River Public Service District ("CRPSD"), the Van Public Service District ("VPSD"), and Spruce Fork Public Service District ("SFPSD"); and

WHEREAS, Company currently provides water to customers of the DPSD pursuant to various Operation and Maintenance Agreements approved by the Public Service Commission (CRPSD, VPSD, SFPSD and DPSD being hereinafter collectively referred to as "Districts"); and

WHEREAS, Districts believe that the responsibilities of the Districts include assisting in bringing quality potable water at reasonable rates to the citizens of Boone County and in developing and advancing the business prosperity, health and economic welfare of the citizens of Boone County; and

WHEREAS, in furtherance of those responsibilities, DPSD, as agent for the Districts under the Intergovernmental Agreement dated October __, 1996, discussed in the Joint Application to the Commission hereinafter referred to, and Company propose to file a Joint Application ("Joint Application") to the Commission advancing a Boone County Regional Water Supply Plan ("Plan") which seeks approval for the construction of a water

project involving transmission and distribution mains and related pumping and storage facilities (the "Project") to be constructed as public/private partnership and designed to bring water service from the Company's Kanawha Valley Treatment Plant to various areas of Boone County; and

WHEREAS, under the transactions described in the Joint Application and in this Agreement, the DPSD will change its name to the Boone County Public Service District and assume certain responsibilities on behalf of the Districts other than the DPSD under the Intergovernmental Agreement also discussed in the Joint Application for the Project; and

WHEREAS, the DPSD believes that in the fulfillment of its responsibilities it should finance or assist in the financing of the cost of, or undertake the construction of, certain portions of the Project in order to extend water service to currently unserved or under served areas of the County and to interconnect the existing facilities of the Districts with the Company's Kanawha and Madison distribution systems; and

WHEREAS, Company intends to purchase the water utility assets of certain of the Districts and construct water transmission and distribution facilities as a part of the Project (such Company-purchased or Company-constructed facilities being hereinafter collectively referred to as the "Company Facilities"); and

WHEREAS, following completion of the acquisition or construction by the Company of the Company Facilities, the Company Facilities, exclusive of any facilities of the District improved through the use of employees of the County Commission of Boone County ("County Commission"), will be conveyed by Company to the County Commission pursuant to the Industrial Development Bond and Commercial Development Act W. Va.

Code §§13-2C-1, et seq. (the "Bond Act") in exchange for Industrial Development Bonds ("IDB Bonds") issued by the County Commission; and

WHEREAS, the Company Facilities will then be leased by County Commission to the Company under a Capital Lease ("Capital Lease") for a period of 40 years, in exchange for lease payments by Company sufficient to pay debt service on the IDB Bonds; and

WHEREAS, DPSD proposes to design, construct, and own certain other water distribution facilities ("DPSD Facilities") more fully described in Section IA of this Agreement, such areas to be served and the DPSD Facilities to be built being identified on maps incorporated by reference as Exhibit A from the Joint Application; and

WHEREAS, upon completion of the construction of the DPSD Facilities by DPSD, Company is prepared to assume the responsibility for operating and maintaining the DPSD Facilities and pay the DPSD a use fee ("Use Fee") for the right to use the DPSD Facilities; and

WHEREAS, DPSD has determined that Company is the best available source of potable water for serving the customers to be served by the DPSD Facilities and has the experience and ability to manage and operate the DPSD Facilities;

WHEREAS, Company has sufficient treatment capacity at its Kanawha Valley Treatment Plant in Charleston, West Virginia, to supply the current and estimated future needs of the Company's customers and the customers to be served by the Company Facilities and the DPSD Facilities; and

WHEREAS, DPSD believes it is in the best interests of the customers of the DPSD for Company to operate, maintain, repair, and replace the DPSD Facilities after their construction by the DPSD.

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of this Agreement and which are not to be construed as mere recitals, the covenants and agreements contained herein, and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged, the Company and DPSD agree as follows:

I. CONSTRUCTION OF FACILITIES.

After the conditions precedent described in Section XIV have been satisfied, the DPSD and Company shall proceed promptly and diligently to construct the following facilities:

A. DPSD Facilities.

DPSD shall, at its sole cost and expense, purchase, install and own the DPSD Facilities listed on Exhibit B. The DPSD Facilities to be constructed by DPSD will be constructed at a total estimated cost of approximately $11.731 million.

B. Company Facilities to be Acquired or Constructed.

Company shall purchase from the Districts or design, purchase, install, and own the Company Facilities listed on Exhibit B, including service lines and meter settings for those customers to be served from the DPSD Facilities. The DPSD Facilities and the Company Facilities to be constructed by the Company will be located on or attached to the Company's system at the locations indicated on the more detailed maps of the Company

Facilities and DPSD Facilities incorporated by reference as Exhibit A to this Agreement. The Company Facilities to be constructed or acquired by Company will be purchased or constructed at a total estimated cost of approximately $15.969 million, an amount calculated based on (i) the estimated number of customers to be served by the Company Facilities or the DPSD Facilities (ii) the improvements and betterments which will result to the Company's system and (iii) the elimination of a treatment plant and raw water supply upgrade at the Company's Madison Treatment Plant that will otherwise be required if the Project is not constructed.

II. SUPPLY OF WATER TO CUSTOMERS SERVED BY THE PROJECT.

A. Quality and Quantity of Water. Upon completion of construction of the Project contemplated under this Agreement, Company agrees to provide to all customers served by the Project, subject to the terms, conditions, undertakings, agreements, and limitations provided in this Agreement, the total water requirements of those customers. The water delivered to customers shall be of the same quality as that supplied to the customers in the Company's Kanawha Valley District. Customers served from the Company's existing Madison System or from the Company Facilities purchased or constructed by Company will be charged the rates and charges of the Company from time to time established for the Company pursuant to Chapter 24 of the West Virginia Code, as amended. Company shall be paid for the water supplied to the DPSD customers in the manner set forth in Section VII of this Agreement.

B. Monitoring of Water Quality. Company shall monitor the water quality and be responsible for compliance with all state and federal standards for furnishing water to the public.

C. Possible Water Shortage. In the event of an extended shortage of water, or if the supply of water from Company is otherwise diminished or impaired, the supply of water to the Customers shall be reduced or diminished in approximately the same proportion as the supply of the water to customers of Company's Kanawha Valley District is reduced or diminished. Any notification given to Company's Kanawha Valley District customers of any anticipated shortage of water shall also be given to customers of the Company and the DPSD.

III. TERM OF THIS AGREEMENT.

The term of this Agreement shall extend for forty (40) years from the date hereof and thereafter may continue in effect from year to year after the 40-year term of the Agreement by mutual consent of the parties; provided, however, that the Company and DPSD may agree mutually to terminate this Agreement at any time after (i) the payment to the owners of the IDB Bonds the principal thereof, and redemption premium, if applicable, and interest due or to become due on the IDB Bonds and (ii) the payment by the DPSD of any loans or borrowings from the Infrastructure Council or any other lender funding the construction of the DPSD Facilities.

IV. PLANS AND SPECIFICATIONS FOR DPSD FACILITIES.

A. Approval of Plans and Specifications. Because of the importance of a properly designed and constructed system and because of the Company's obligation, at its

expense under this Agreement, to operate, maintain and repair the DPSD Facilities, DPSD has agreed to retain the services of Company engineers or an engineering firm retained by the Company, and Company has agreed to provide the engineering services for the Project, including preparing the necessary plans and specifications and preparing estimates of the cost of construction of DPSD Facilities. The cost of such engineering services shall be paid by the Company and considered as a portion of the cost of the Project by the Company as shown on Exhibit B to this Agreement.

B. Company as Contractor. If Company also acts as contractor for the DPSD, Company shall be responsible for insuring that the construction of the DPSD Facilities is conducted in accordance with the Plans and Specifications.

V. OPERATION AND MAINTENANCE OF DPSD FACILITIES BY COMPANY.

A. Company to Operate. Following the construction of the DPSD Facilities, Company hereby agrees, at its cost, except as otherwise noted in this Agreement, to operate, maintain, repair, and replace (i) DPSD Facilities described in Section IA of this Agreement and (ii) all water line additions and extensions thereto made with the written approval of Company and DPSD.

B. Replacement of Unit of Property. In the event Company, under the terms of this Agreement, is required to install, relocate or replace any "unit of property" within the DPSD Facilities as defined in the Uniform System of Accounts of the National Association of Regulatory Utility Commissioners ("NARUC"), the Company shall make such installation, relocation or replacement at its cost; provided, however, that in every such instance the unit of property shall be, and remain, the property of Company (unless

purchased by DPSD from Company after termination of this Agreement as provided in Section X hereof) and shall be properly includable in the depreciable utility plant of the Company in calculating its cost of service and resulting rates.

C. Ownership of Units of Property. The Company and DPSD agree that, in those instances in which the Company installs, replaces or relocates any unit of property on the DPSD distribution system pursuant to the provisions of subsection B of this Section V, the DPSD shall, simultaneously therewith, grant to Company a right to use all of the related rights-of-way, easements, licenses or other property interests necessary for Company to have and own such unit of property in the location and manner in which it is installed, replaced or relocated on the DPSD system.

VI. PAYMENT BY COMPANY FOR USE OF DPSD FACILITIES.

In exchange for the benefits of having the Company's Kanawha Valley Treatment Plant connected to the Company's Madison distribution system and to the DPSD customers through the DPSD Facilities, Company will pay DPSD $216,363 per year but only until the debt of the DPSD approved by the Infrastructure Council has been paid in full. This $216,363 payment shall be paid directly to the account of DPSD, and will be paid on a monthly basis at the time of the other payments provided in paragraph VII hereof.

VII. READING METERS, BILLING OF CUSTOMERS, AND PAYMENT TO DPSD.

A. Meter Reading. All customers served directly from the DPSD Facilities under this Agreement shall be the customers of DPSD. Company shall read all meters of the customers of DPSD and render bills to those customers, as agent for and on behalf of DPSD, in a manner consistent with the meter reading and billing practices of Company employed

in billing its own customers, such bills to be rendered and collected by Company on behalf of DPSD and to be computed based on the usage of each DPSD customer at the rates of DPSD from time to time established pursuant to Chapter 24 of the West Virginia Code, as amended. It is the intention of the Company and the DPSD that the rates of DPSD mirror the rates of the Company, and Company agrees to prepare and file a tariff for the DPSD to implement any such tariff changes for the DPSD at the cost of the Company.

B. Bills to DPSD Customers. The bills delivered to each customer on behalf of DPSD shall reflect the amount due for the water used (such amount to be determined by applying the rates of DPSD to the consumption of water by customers as determined by monthly or estimated meter readings). The bills delivered to the customers will be delivered by, and payable to, Company as agent for DPSD.

C. Payment to Company. Company, in consideration of the respective rights, duties, obligations, agreements, and undertakings of the parties under this Agreement, shall be entitled to receive an amount for water service rendered to the DPSD customers equal to the consumption of each such DPSD customer at Company rates from time to time established pursuant to Chapter 24 of the West Virginia Code, as amended. Company shall prepare and deliver a monthly statement to DPSD which shall reflect the total amount collected by Company as agent for DPSD and the total amount retained by Company for the water service provided to Customers at the respective rates of DPSD and Company. A DPSD customer shall be charged a municipal B & O surcharge on his usage only if that customer resides within a municipality which imposes such a surcharge. In addition, the monthly statement to be provided to DPSD by Company will also include the costs of any

additions or extensions, and related refunds, made at the cost of the DPSD under Section VIII, and the cost of any fire hydrants under Section XII installed at the cost of the DPSD.

D. Payment for DPSD Expenses. In addition to such other obligations, duties and responsibilities set forth in this Agreement, Company also agrees to pay directly to vendors the reasonable costs, related to performing under this Agreement, of the following four items on behalf of DPSD, up to a maximum aggregate amount for all four items of Four Thousand Dollars ($4,000) in each calendar year during the term hereof, upon the receipt of an invoice for such costs from the vendor, which has been approved by DPSD for payment and forwarded by DPSD to Company:

1. Legal and Accounting Expenses
2. Liability Insurance and Bonds
3. Regulatory Commission Fees
4. Miscellaneous Supplies.

In the event that either Company or DPSD determines that the maximum aggregate amount of $4,000 is not adequate or sufficient to pay the reasonable costs of the above-mentioned four items, then either party may petition the Utilities Division of the Public Service Commission of West Virginia to audit and review the costs incurred by DPSD for said items and to fix the maximum aggregate amount for said items which Company will pay pursuant to this subsection D; provided, however, that Company shall have the right to contest the amount so fixed by petitioning the Commission to review the determination of the Utilities Division.

E. As a part of the costs and expenses described in subsection D of this Section VII, DPSD agrees to have its accountants review, at least annually, at the expense

of DPSD, the system of accounts maintained by Company for DPSD and report the results of the review to DPSD and Company.

VIII. FUTURE ADDITIONS TO AND FUTURE EXTENSION OF DPSD FACILITIES.

A. Adequacy of Facilities for Future Water Use. Company and DPSD are aware that there may be future additions and extensions to serve customers from the DPSD Facilities. In addition to the other requirements set forth in this Agreement, DPSD and Company hereby specifically agree that such additions and extensions will be made only if, in the opinion of Company, Company's Kanawha Valley Treatment Plant has sufficient treatment capacity and distribution and pumping facilities, including transmission and distribution mains, adequate to serve DPSD's customers and if Company believes it otherwise economically feasible to meet the total then present and anticipated needs of both the DPSD's customers, the customers served from the Company Facilities acquired by Company from the Districts and the other customers of Company's Kanawha Valley and Madison Districts.

B. Future Additions. All future additions to DPSD Facilities constructed by DPSD shall be subject to this Agreement; provided, however, that future additions to the system must be approved by Company and DPSD.

C. Future Extensions. Customer extensions from DPSD Facilities will be installed by Company. When DPSD receives a request for a customer extension, DPSD shall notify Company in writing within fifteen days of its receipt of said request. Company shall contract on its own behalf with the customer requesting the extension and make the installation pursuant to the Water Rules of the Public Service Commission. All customers

attaching to the customer extension shall be considered customers of Company for billing purposes at the rates of Company. The customer extension shall be, without further cost or expense of any kind, the property of Company.

D. Refunds. Refunds made pursuant to the Water Rules of the Commission to customers contracting with Company pursuant to subparagraph VIIIC shall be the sole responsibility of Company, and the cost of such extensions, to the extent refunded or reimbursed to customers pursuant to the Public Service Commission's Water Rules, shall be properly includable in Company's depreciable utility plant in calculating Company's cost of service and resulting rates.

IX. INSTALLATION OF DOMESTIC SERVICES.

After the construction of the DPSD Facilities provided for in this Agreement has been completed, Company shall install, in accordance with the Water Rules of the Public Service Commission, domestic service lines, including the tap on DPSD Facilities and the service line from DPSD Facilities to the established curb line or within the public right-of-way nearest the main. This installation shall include the meter setting. All such service lines from the DPSD Facilities to the DPSD customer's property line, meter settings, and taps shall be constructed and installed by Company at its expense and shall be the property of Company. Company shall install all meters at its cost, shall own the meters, and shall assume the obligation to repair, maintain, and replace the meters.

X. TRANSFER TO COMPANY UPON TERMINATION OF THE AGREEMENT; EXTENSION OF AGREEMENT.

A. Option to Transfer or Retain. Upon the termination of this Agreement, which termination shall not occur until defeasance or payment of any Infrastructure Loan,

DPSD shall pay Company for all water delivered to DPSD customers through the termination date of this Agreement in accordance with the provisions of Section VII of this Agreement, and, at its option, DPSD may either (i) convey all of the DPSD Facilities to Company and Company agrees to accept ownership and the responsibility to operate, maintain, repair, and replace the DPSD Facilities or (ii) retain the DPSD Facilities and pay Company as provided in subsection B of this Section X.

B. If DPSD Retains. Upon termination of the Agreement and if DPSD desires to retain the DPSD Facilities, DPSD agrees that it will purchase from Company at the depreciated original cost all water meters installed on DPSD's distribution system at the time of such termination, all units of property installed, replaced or relocated by Company on the DPSD system under Section V of this Agreement and all service lines from the DPSD Facilities to the DPSD customers' property line, meter settings, and taps installed at the cost of the Company and reflected on the books of the Company at the time of the termination of the Agreement. Further, DPSD agrees that, if it elects to retain the DPSD Facilities upon termination of the Agreement, DPSD will reimburse Company for any tax expense incurred by Company as a result of this Agreement, plus interest as hereinafter provided, reduced by the tax refunds, if any, which Company may obtain as a result of the termination of this Agreement.

C. Method and Calculation of Payment to Company. Upon written notice of termination of the Agreement and the Lease, the Company shall, within thirty (30) days of such written notice of termination, provide to DPSD (i) the estimate of the total of all payments for water provided by Company, (ii) the cost of all items described in subparagraph

Company to the applicant and paid by the applicant directly to Company at a rate equal to the then approved Company's private protection rate.

XII. INSTALLATION OF FIRE HYDRANTS.

After the original construction provided for in this Agreement has been completed, public fire protection facilities approved by County and DPSD may be installed on DPSD Facilities covered by this Agreement at the request of an appropriate governmental unit, and installation shall be made pursuant to the Water Rules of the Public Service Commission, provided that all such fire hydrants shall have a flow capability of at least 500 GPM at 20 psi residential pressure for a sustained period of time.

XIII. SERVICE AREAS.

It is expressly understood and agreed by Company and DPSD:

A. Company Right to Serve. Company shall be permitted to install and maintain such Company lines, pumps, tanks, or other facilities within or adjoining the service areas of the DPSD as are necessary to enjoy and fulfill its rights and obligations under this Agreement, subject to the terms and conditions set forth in this Agreement.

B. Company Customers. Except as otherwise provided in this Agreement, all persons residing outside of DPSD's water service area, as defined above, and served, either at present or in the future, by Company shall be considered customers of Company.

C. Use of DPSD Facilities After Termination. Company shall have the right, even after termination of this Agreement, to transfer water through DPSD Facilities, and all future additions and future extensions thereto, and to serve customers who may be

connected, directly or indirectly, to Company water mains, whether inside or outside DPSD's service area, provided there is no additional expense to DPSD.

XIV. CONDITIONS PRECEDENT TO EFFECTIVENESS OF AGREEMENT.

The Company and DPSD understand and agree that this Agreement, and the obligations of each of them hereunder, are expressly conditioned upon the following, each of which is a condition precedent to the validity and enforceability of this Agreement.

A. Funding. DPSD shall have received a firm commitment for the necessary funding that may be required to construct the DPSD Facilities under the terms of this Agreement; provided, however, that in the event adequate funding is not available for such purposes, the parties may agree to a curtailment or modification of the scope of the DPSD Facilities or explore other funding options, but in no event shall DPSD be obligated to expend funds for construction of the DPSD Facilities in excess of the funding available to it for such purposes.

B. Rates. The Public Service Commission shall have approved the rates requested by DPSD and Company in the Joint Petition, or any supplements thereto, filed with the Public Service Commission seeking approval of this Agreement and any of the related transactions.

C. Requisite Permits. DPSD shall have acquired all necessary permits from all applicable state and federal agencies and shall provide evidence to Company, satisfactory to counsel for Company, that it has all of the necessary rights-of-way, easements, licenses or permits necessary for the installation of the DPSD Facilities; provided, however, that in the event that it is later discovered that DPSD does not have a right-of-way or

easement for a portion of the DPSD Facilities, this condition precedent shall be deemed satisfied if the DPSD acquires such right-of-way or easement, and the related right of entry, by eminent domain at no cost to Company.

D. Approval of Public Service Commission. The Public Service Commission shall have approved this Agreement, the Capital Lease, the Agreements of Purchase of the Districts and all of their terms, conditions, undertakings, agreements, and limitations. Specifically, and without in any way limiting the generality of this condition, the Order approving this Agreement, the Capital Lease, the Agreements of Purchase with the Districts and the transactions contemplated thereby shall:

(1) Authorize the inclusion in depreciable utility plant of the Company any amounts expended by Company for the cost of installing the Company Facilities and of installing, replacing or relocating any water lines or facilities on the DPSD system which are defined as a "unit of property," in the NARUC Uniform System of Accounts and which are relocated or replaced by Company at its cost pursuant to Section V of this Agreement and the cost to Company to install service lines, meter settings, and taps on the DPSD Facilities pursuant to Section IX;

(2) Authorize the Company to include in depreciable utility plant an amount equal to the tax expense, if any, associated with the obligations assumed by Company under the Agreement to the extent that the construction of the DPSD Facilities and other facilities undertaken by the DPSD, or the undertaking by Company to operate, maintain, repair or replace the DPSD Facilities under this Agreement, causes the cost of such DPSD

construction, or any part thereof, to constitute taxable income or otherwise to generate tax expense for Company;

(3) Authorize the implementation of the Step Rate Increases requested in the Joint Application;

(4) Authorize the payment of the Use Fee by the Company to DPSD and the recovery of the Use Fee in the Company's cost of service calculation; and

(5) Authorize the merger, consolidation, or adjustment of the boundaries of the VPSD, CRPSD and SFPSD with and into the DPSD and the adjustment of the boundaries and name of the DPSD.

F. No Adverse Ruling. The Commission shall not have attached to its Order any terms, conditions or limitations which shall adversely affect this Agreement, the Agreements of Purchase, the Lease or the economic feasibility of the Project between the parties insofar as requiring any of the parties to take any action or refrain from taking any action which, in the opinion of their respective counsel, might require them, or any of them, to breach any of their obligations under any Mortgage Indenture, as supplemented, or any other agreement to which any of them might be a party.

XV. REPRESENTATIONS AND WARRANTIES.

A. DPSD Representations and Warranties. DPSD represents and warrants to Company as follows:

(1) The execution, delivery, and performance of this Agreement by DPSD have been duly authorized, and this Agreement constitutes a valid and binding obligation of DPSD enforceable in accordance with its terms; and

(2) The execution and performance of this Agreement in accordance with its terms by DPSD will not violate any provisions of law, violate the terms or conditions of the Bonds or the Trust Indenture describing the various funds and the security for the Bonds, or violate any other instruments relating to the construction of the DPSD Facilities.

B. Company Representations and Warranties. Company represents and warrants to DPSD as follows:

(1) The execution, delivery, and performance of this Agreement by Company have been duly authorized, and this Agreement constitutes a valid and binding obligation of Company enforceable in accordance with its terms; and

(2) The execution and performance of this Agreement in accordance with its terms by Company will not violate any provisions of Company's indentures.

XVI. ASSIGNABILITY.

This Agreement shall be binding upon the successors and assigns of the respective parties hereto.

XVII. NOTICE.

Any notice, demand or request given hereunder shall be deemed sufficient if in writing and sent by certified mail, postal charges prepaid, to West Virginia-American Water Company, Attention: President, P. O. Box 1906, Charleston, West Virginia 25327; and to Danville Public Service District, P. O. Box 287, Danville, West Virginia 25053, or to such address as the parties shall indicate by written notice to the other party.

XVIII. CAPTIONS.

The captions preceding the text of the sections of this Agreement are inserted solely for convenience and reference and shall not be used to construe, interpret or affect any provision of this Agreement.

IN WITNESS WHEREOF, West Virginia-American Water Company, a corporation, and Danville Public Service District, a public service district, have caused this Agreement to be signed, by their proper officers thereunto duly authorized, all as of the day and year first above written.

WEST VIRGINIA-AMERICAN WATER COMPANY

Witness:

By Michael A. Miller
Its Vice President

DANVILLE PUBLIC SERVICE DISTRICT

Witness:

By Frank W. Rowley
Its President

CHASFS3:13117

STATE OF WEST VIRGINIA

COUNTY OF ~~KANAWHA~~ BOONE, to-wit:

The foregoing instrument was acknowledged before me this 28th day of October, 1996, by Michael A. Miller, Vice President of West Virginia-American Water Company, a West Virginia corporation, on behalf of the corporation.

My commission expires May 5, 2000.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CARMA B. MAHON
85 LEFTWITCH AVENUE
MADISON, WV 25130
My Commission Expires May 5, 2000

Carma B. Mahon
Notary Public

STATE OF WEST VIRGINIA

COUNTY OF BOONE, to-wit:

The foregoing instrument was acknowledged before me this 28th day of October, 1996, by Frank Rowley, Chairman of the Danville Public Service District, a political subdivision of the State of West Virginia, on behalf of the Commission.

My commission expires May 5, 2000.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CARMA B. MAHON
85 LEFTWITCH AVENUE
MADISON, WV 25130
My Commission Expires May 5, 2000

Carma B. Mahon
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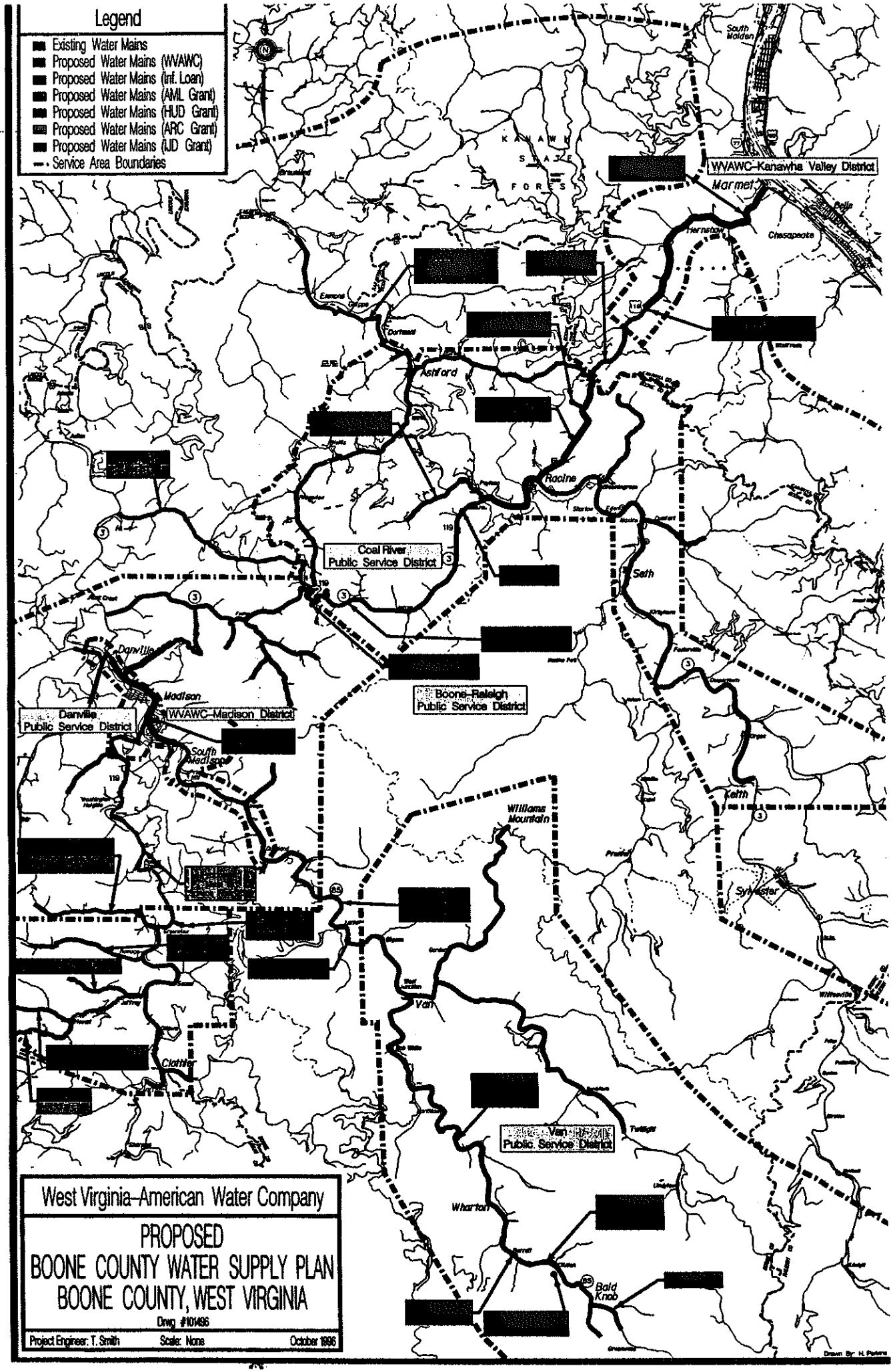
CHASFS3:13117


Legend
Existing Water Mains
Proposed Water Mains (WVAWC)
Proposed Water Mains (Int. Loan)
Proposed Water Mains (AML Grant)
Proposed Water Mains (HUD Grant)
Proposed Water Mains (ARC Grant)
Proposed Water Mains (JD Grant)
Service Area Boundaries
WVAWC-Kanawha Valley District
Coal River Public Service District
Boone-Raleigh Public Service District
Danville Public Service District
WVAWC-Madison District
Van Public Service District
Marmet
Chesapeake
Ashford
Racine
Seth
Danville
Madison
South Madison
Williams Mountain
Sylvester
Van
Clothier
Wharton
Bald Knob
West Virginia-American Water Company
PROPOSED
BOONE COUNTY WATER SUPPLY PLAN
BOONE COUNTY, WEST VIRGINIA
Dwg #101496
Project Engineer: T. Smith
Scale: None
October 1996
Drawn By: H. Peters

Kanawha Valley Treatment Plant Regionalization				
	Description	Costs	Funding	Customers
Segment 4	210,000 gallon Clinton tank	262,500	WVAWC	N/A
	Van Booster Station	80,000	WVAWC	N/A
	Bim Booster Renovation	60,000	WVAWC	N/A
	Controls	88,000	WVAWC	N/A
	New meter settings	280,800	WVAWC	N/A
	Subtotal	771,300	WVAWC	N/A
	Construction cost in Boone County Segments, 2, 3 and 4	7,027,850	WVAWC	4,437
	Segments 2, 3, and 4 Administration, legal, engineering, lands, rights of way	1,812,120	WVAWC	N/A
	Dartmont/Emmons extension Administration, Legal, Engineering, Lands, Rights-of-Way	163,855	WVAWC	N/A
	Camp Creek extension Administration, Legal, Engineering, Lands, Rights-of-Way	220,390	WVAWC	N/A
	Spruce Fork Supply extension Administration, Legal, Engineering, Lands, Rights-of-Way	399,760	WVAWC	N/A
	Greenview/Big Branch extension Administration, Legal, Engineering, Lands, Rights-of-Way	115,100	WVAWC	N/A
	James Branch and Greenwood extension Administration, Legal, Engineering, Lands, Rights-of-Way	102,300	WVAWC	N/A
	Meadow Fork/Dent Fork/Mikes Fork/Aleshire Branch extension Administration, Legal, Engineering, Lands, Rights-of-Way	131,500	WVAWC	N/A
	Jeffrey/Secoal/Obes Branch extension Administration, Legal, Engineering, Lands, Rights-of-Way	81,650	WVAWC	N/A
	Hewett Creek/Missouri Fork extension Administration, Legal, Engineering, Lands, Rights-of-Way	244,600	WVAWC	N/A
	Ramage/Six Mile extension Administration, Legal, Engineering, Lands, Rights-of-Way	185,550	WVAWC	N/A

Kanawha Valley Treatment Plant Regionalization				
	Description	Costs	Funding	Customers
	Subtotal Administration, Legal, Engineering, Lands, Rights-of-Way	3,462,825	WVAWC	N/A
	Boone County debt	1,093,700	WVAWC	N/A
	Van debt	315,700	WVAWC	N/A
	Total Segments in Boone County	$11,900,075	WVAWC	4,437
Danville Public Service District				
Segment 5	23,901' of 8" DIP - Dartmont/Emmons extension	1,075,545	Infrast. Loan	59
	30,158' of 8" DIP - Camp Creek extension	1,357,110	IJDG - 1,000,000 Infrast. Loan - 357,110	244
	23,475' of 8" DIP - Supply Spruce Fork extension	1,056,375	AML Grant	120
	19,623' of 12" DIP	1,079,265	AML Grant - 293,625 Infrast. Loan - 785,640	188
	200,000 gallon tank - Greenview	214,000	Infrast. Loan	N/A
	Controls	35,665	Infrast. Loan	N/A
	Subtotal	2,385,305	AML Grant - 1,350,000 Infrast. Loan - 1,041,305	308
	15,750' of 8" DIP - Greenview/Big Branch extension	708,750	Infrast. Loan - 382,500 HUD - 326,250	140
	14,000' of 8" DIP - James Branch and Greenwood extension	630,000	Infrast. Loan	157
	18,000' of 8" DIP - Meadow Fork/Dent Fork/Mikes Fork/Aleshire Branch extension	810,000	Infrast. Loan	100

Kanawha Valley Treatment Plant Regionalization				
	Description	Costs	Funding	Customers
	10,750' of 8" DIP - Jeffrey/Secoal/Obes Branch extension	483,750	HUD	250
	32,000' of 8" DIP - Hewett Creek/Missouri Fork extension	1,440,000	HUD - 440,000 ARC - 1,000,000	170
	25,000' of 8" DIP - Ramage/Six Mile extension	1,125,000	Infrast. Loan	180
	Peytona extension	251,250	Infrast. Loan	591
	48,793' of 8" DIP main from Madison to Van and from Barrett to Clinton	1,463,790	Infrast. Loan	1,375
	Subtotal of Estimated Construction Cost by Danville Public Service District	11,730,500	DPSD	3,574
	Total Estimated Project Cost	27,700,000	WVAWC/DPSD	8,011
Project Funding Summary				
	Infrastructure Loan	$ 7,130,500		
	Infrastructure Grant	1,000,000		
	AML Grant	1,350,000		
	ARC Grant	1,000,000		
	HUD Grant	1,250,000		
	WVAWC	15,969,500		
		$27,700,000		

377191 571681 356940

Attachment B

Kanawha Valley Treatment Plant Regionalization				
	Description	Costs	Funding	Customers
	Kanawha County			
Segment 1	29,441' of 20" main from Marmet to Lens Creek	1,913,665	WVAWC	N/A
	10,800' of 16" main from lens Creek past Short Creek Tank	648,000	WVAWC	N/A
	Lens Creek Booster Station	800,000	WVAWC	N/A
	Controls	266,000	WVAWC	N/A
	Construction cost	$3,627,665	WVAWC	N/A
	Administration, legal, engineering, lands, rights of way	$441,760	WVAWC	N/A
	Total segment in Kanawha County	4,069,425	WVAWC	N/A
	Boone County			
Segment 2	300,000 gallon tank - Lens Creek	350,000	WVAWC	N/A
	310,000 gallon tank - Drawdy Mtn.	350,000	WVAWC	N/A
	Controls	128,200	WVAWC	N/A
	44,160' of 16" main to Drawdy Mtn.	2,649,600	WVAWC	2,348
	520' of 8" PVC line	13,000	WVAWC	N/A
	250' of 12" PVC line	10,000	WVAWC	N/A
	Drawdy Mountain booster station	350,000	WVAWC	N/A
	5,500' extension to serve White Oak (Material only)	93,000	WVAWC	31
	New meter settings	260,000	WVAWC	N/A
	Subtotal	4,203,800	WVAWC	2,379
Segment 3	24,510' of 12" main through Danville and Madison	980,400	WVAWC	2,058
	550' of 8" PVC line	13,750	WVAWC	N/A
	Controls	276,000	WVAWC	N/A
	New meter settings	782,600	WVAWC	N/A
	Subtotal	2,052,750	WVAWC	2,058

THIS FIRST AMENDMENT TO OPERATION AND MAINTENANCE AGREEMENT (the "Amendment") is made as of this 10th day of August, 1999, by and between WEST VIRGINIA-AMERICAN WATER COMPANY, a West Virginia corporation (the "Company"), and BOONE COUNTY PUBLIC SERVICE DISTRICT ("BCPSD), a public service district created under the provisions of W. Va. Code § 16-13A-1, et seq.

WITNESSETH:

WHEREAS, the Company and BCPSD, as successor in interest by change of name to Danville Public Service District ("DPSD"), are parties to an Operation and Maintenance Agreement dated as of October 28, 1996 (the "1996 Agreement") under which the Company agreed to operate and maintain the water utility facilities of BCPSD for a term of forty years;

WHEREAS, the Company and BCPSD entered into the 1996 Agreement in furtherance of the Boone County Regional Water Supply Plan and sought approval of the Public Service Commission of West Virginia (the "Commission") for the construction of a county-wide water project designed to bring water service from the Company's Kanawha Valley Treatment Plant to various areas of Boone County, West Virginia (the "Project");

WHEREAS, the Commission approved the Project and the 1996 Agreement by Commission Order dated October 17, 1997 in West Virginia-American Water Company, PSC Case No. 96-1338-PWD-CN, and three other consolidated cases (the "October 1997 Order"), in which the Commission approved a Joint Stipulation and Agreement for Settlement between the Company, the County Commission of Boone County, DPSD, Spruce

Fork Public Service District ("SFPSD"), Coal River Public Service District ("CRPSD"), Van Public Service District ("VPSD"), the Staff of the Public Service Commission and the Consumer Advocate Division of the Public Service Commission;

WHEREAS, at the time of the 1996 Agreement and the October 1997 Order, the Parties and the Commission contemplated that the Company would purchase all of the water utility assets, real, personal and mixed, of CRPSD and VPSD, and the October 1997 Order approved the Company's purchase of those assets;

WHEREAS, subsequent to the October 1997 Order, the United States Department of Agriculture, Rural Development and the Economic Development Administration of the United States Department of Commerce indicated that conveyance of property that may have been constructed by grants might require all or a portion of grants previously given to CRPSD and VPSD to be repaid if the Company acquired the water utility assets of the DPSD, CRPSD, or VPSD;

WHEREAS, in January 1999 the Company petitioned the Commission for approval to pay the water utility debt of CRPSD and VPSD, to treat the payment of that debt of CRPSD and VPSD as a regulatory asset, to transfer all of the water utility assets to DPSD (which would then become the BCPSD by change of name) and to permit the Company to operate, maintain, repair and replace all of the water utility assets, real, personal and mixed, of CRPSD and VPSD under the 1996 Agreement;

WHEREAS, the Commission approved the Company's requests by Commission Orders dated March 11, 1999 and May 3, 1999 in West Virginia-American Water Company, PSC Case No. 96-1338-PWD-CN;

WHEREAS, the territorial boundaries of CRPSD, VPSD and SFPSD for water service were consolidated with the boundaries of the DPSD and the water utility assets, real, personal and mixed, of CRPSD and VPSD, used and useful in providing water service to the CRPSD and VPSD customers were transferred to DPSD by operation of law on May 7, 1999 pursuant to Commission Orders dated June 18, 1998 and August 28, 1998 in Boone County Commission, PSC Case No. 98-0464-PWD-PC, and Resolutions and Orders of the County Commission of Boone County (the "County Commission") dated March 9, 1998, April 6, 1998 and April 19, 1999, and all real property and utility assets related to the water operations of CRPSD and VPSD were also conveyed to DPSD by Confirmatory Deeds dated May 7, 1999 and recorded in the Office of the Clerk of the County Commission;

WHEREAS, on May 7, 1999, BCPSD was created by merger of VPSD, CRPSD and SFPSD into DPSD, with DPSD surviving, and by change of name of DPSD to BCPSD, and all of the water utility assets of BCPSD, including the water utility assets formerly held by CRPSD and VPSD, became subject to the 1996 Agreement

WHEREAS, BCPSD and Company desire to clarify and confirm that the 1996 Agreement is intended to include the Company's operation, maintenance, repair and replacement of all of the existing water utility facilities of BCPSD, including the assets of CRPSD and VPSD subsequently transferred to BCPSD and including the vehicles and

equipment originally contemplated to be conveyed to the Company in the Purchase Agreements in West Virginia-American Water Company, PSC Case No. 96-0218-W-PWD-PC (CRPSD) and West Virginia-American Water Company, PSC Case No. 96-0260-W-PWD-PC (VPSD);

WHEREAS, the Parties further desire to clarify, for their benefit and the benefit of potential purchasers of BCPSD's revenue bonds, that the 1996 Agreement, as amended, supersedes all prior operation and maintenance agreements and interim operation and maintenance agreements between the Company and BCPSD's constituent public service districts and governs all rights and responsibilities of the Parties with respect to the Company's operation and maintenance of BCPSD's water utility assets;

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of this Amendment and which are not to be construed as mere recitals, the covenants and agreements contained herein and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Company and BCPSD agree that the 1996 Agreement is amended to the extent indicated below:

I. BCPSD AS SUCCESSOR IN INTEREST TO DPSD: As contemplated by the 1996 Agreement, BCPSD is the successor in interest to DPSD following the merger of CRPSD and VPSD into DPSD and the change of name of DPSD to BCPSD and all references to "DPSD" in the 1996 Agreement, except where such references are clearly intended to refer to DPSD prior to the merger with CRPSD and VPSD, shall be read and understood as "BCPSD" and all references to "DPSD Facilities" shall be read and understood as "BCPSD Facilities."

II. DEFINITION OF DPSD FACILITIES: Except where the context of the 1996 Agreement clearly requires otherwise, the definition of "DPSD Facilities" in Section I.A of the 1996 Agreement and the obligations of the Company to operate, maintain, repair, and replace such DPSD Facilities shall relate to all property and utility assets, real, personal or mixed, owned by BCPSD and used or useful in BCPSD's water utility operations, including without limitation all real and personal property and water utility assets formerly owned by CRPSD and VPSD, except for (i) property as contemplated in the purchase agreements originally approved in the October 1997 Order, and (ii) the property used in the sewer operations of DPSD and VPSD and identified on the schedules attached hereto as Appendix A.

III. COMPANY'S USE OF FACILITIES: Section V.A of the 1996 Agreement shall be amended to read as follows:

"A. Company to Operate, Maintain, Repair and Replace. Following the formation of BCPSD, the Company hereby agrees, at its cost, except as otherwise noted in this Agreement, to operate, maintain, repair and replace (i) the DPSD Facilities described in Section I.A of this Agreement, (ii) all water line additions and extensions thereto made with the written approval of BCPSD, and (iii) all other property, real, personal, and mixed conveyed to BCPSD. This obligation shall include the obligation to keep any machinery and equipment owned by BCPSD properly insured and licensed at the expense of the Company."

IV. 1996 AGREEMENT SUPERSEDES OTHER AGREEMENTS: The 1996 Agreement supersedes all prior operation and maintenance agreements and interim

operation and maintenance agreements between the Company and BCPSD's constituent public service districts and governs all rights and responsibilities of the Parties with respect to the Company's operation and maintenance of BCPSD's water utility assets.

V. REMAINING PROVISIONS: In all other respects, the 1996 Agreement shall be and remain in full force and effect.

IN WITNESS WHEREOF, West Virginia-American Water Company and Boone County Public Service District have caused this Amendment to be signed, by their duly authorized officers, all as of the date first above written.

WEST VIRGINIA-AMERICAN WATER COMPANY

By _____
Its President

BOONE COUNTY PUBLIC SERVICE DISTRICT

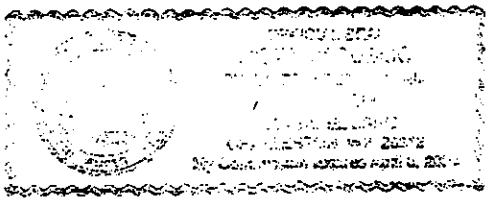
By _____
Its Chairman

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 11th day of August, 1999, by Chris E. Jarrett, President of West Virginia-American Water Company, a West Virginia corporation, on behalf of the corporation.

My commission expires April 6, 2004.



J H Judy
Notary Public

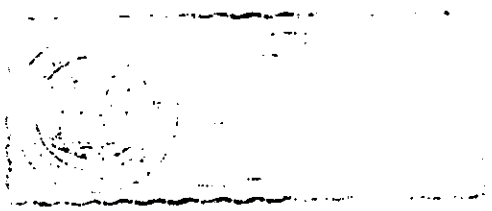
STATE OF WEST VIRGINIA,

COUNTY OF BOONE, to-wit:

The foregoing instrument was acknowledged before me this [illegible] day of [illegible], 1999, by Lyle Roy, Chairman of Boone County Public Service District, on behalf of Boone County Public Service District.

My commission expires [illegible].

[illegible]
Notary Public



Coal River - Equipment:

1. F150 Ford 1996, WT 8,000
   VIN: 1FTBF14NA73874-5-99
   License Plate: B37-153
   Driver: David E. Holstein
   Driver's License #: E257023
   Sticker Exp. Date: May 1999

2. 152 Chevy 1500 1989, WT 8,000
   VIN: 1GCDK14H6KZZ4922
   License Plate: 31221
   Driver: Roger D. McIntyre
   Driver's License #: D060551
   Sticker Exp. Date: November 1998

3. 151 Chevy S-10 1997, WT 9,000
   VIN: 1GCCS1444TK232992
   License Plate: B37-947
   Driver: John Washburn
   Driver's License #: 1X28953
   Sticker Exp. Date: August 1998

4. 153 Chevy 2500 1989, WT 8,000
   VIN: 1GCGK24KXKE240534
   License Plate: B31-219
   Driver: All Employees
   Driver's License #: -----
   Sticker Exp. Date: January 1999

5. Various Office Equipment

APPENDIX A

Van - Equipment:

1. One 2" Homelite Diaphrain Pump, SN 92040203
2. One Stihl Cut Off Saw, TS40035Y8
3. One General Speed Rooter 90 Drain Cleanter, SN X 7R0594
4. One Tanaka Cut Off Saw, EHC 120
5. One 8 HP 4400 Watts Generator, HR0081-450
6. One Hudson Brothers Trailer, Model #HSE118 GVWR, 11,950 Pounds, VIN #10HHSE181V1000823

THIS SECOND AMENDMENT TO OPERATION AND MAINTENANCE AGREEMENT (the "Second Amendment") is made as of this __ day of October, 1999, by and between WEST VIRGINIA-AMERICAN WATER COMPANY, a West Virginia corporation (the "Company"), and BOONE COUNTY PUBLIC SERVICE DISTRICT ("BCPSD"), a public service district created under the provisions of W. Va. Code § 16-13A-1, et seq.

RECEIVED
1999 OCT -8 PM 2:35
VA. PUBLIC SERVICE COMMISSION
UTILITIES DIVISION-CM

WITNESSETH:

WHEREAS, the Company and BCPSD, as successor in interest by change of name to Danville Public Service District ("DPSD"), are parties to an Operation and Maintenance Agreement dated as of October 28, 1996 (the "1996 Agreement") and a First Amendment to Operation and Maintenance Agreement dated as of August 10, 1999 ("First Amendment");

WHEREAS, since the Company and BCPSD entered into the 1996 Agreement, the scope and nature of the funding scenario for the Boone County Regional Water Supply Plan (the "Project") has changed, such that BCPSD now intends to borrow funds from two public sources: a forty-year loan from the West Virginia Infrastructure and Jobs Development Council at a zero percent interest rate (the "Infrastructure Council Loan") and a thirty-year loan from the West Virginia Drinking Water Treatment Revolving Fund at a zero percent interest rate and a one percent administrative fee (the "DWTRF Loan," and together with the Infrastructure Council Loan, the "Loans");

WHEREAS, the 1996 Agreement provided that the Company would pay monthly payments to BCPSD intended to permit BCPSD to make debt service payments on the

Infrastructure Council Loan, the only borrowing that the Parties anticipated BCPSD would make in connection with the Project at the time the 1996 Agreement was executed;

WHEREAS, in keeping with the spirit and intent of the 1996 Agreement and in order to satisfy certain funding agencies that BCPSD has a firm commitment from the Company to provide funds sufficient to make debt service on the Loans and pay the administrative fee for the DWTRF Loan, the Parties desire to further amend the 1996 Agreement;

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of this Second Amendment and which are not to be construed as mere recitals, the covenants and agreements contained herein and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Company and BCPSD agree that the 1996 Agreement is amended to the extent indicated below:

I. COMPANY'S PAYMENT OF USE FEE TO BCPSD: Section VI of the 1996 Agreement shall be amended to read as follows:

"VI. PAYMENT BY COMPANY FOR USE OF BCPSD FACILITIES.

In exchange for the benefits of having the Company's Kanawha Valley Treatment Plant connected to the Company's Madison distribution system and to the BCPSD customers through the BCPSD Facilities, Company will make monthly payments directly to the account(s) of BCPSD in an aggregate amount that is sufficient to permit BCPSD to make the following payments in connection with a forty-year loan from the West Virginia Infrastructure and Jobs Development Council at a zero percent interest rate (the "Infrastructure Council

Loan") and a thirty-year loan from the West Virginia Drinking Water Treatment Revolving Fund at a zero percent interest rate and a one percent administrative fee (the "DWTRF Loan," and together with the Infrastructure Council Loan, the "Loans"):

A. An amount sufficient to permit BCPSD to make monthly payments of principal to the West Virginia Municipal Bond Commission ("MBC") in connection with the Infrastructure Council Loan; and

B. An amount sufficient to permit BCPSD to make monthly payments of principal and administrative fee to MBC in connection with the DWTRF Loan.

Notwithstanding the foregoing, the Company's obligation to make the portions of the aggregate monthly payment shall continue only for so long as BCPSD's repayment obligations on the respective Loans exist. The Parties further agree that if it is required to do so, the Company will make arrangements with the lending agencies to establish and maintain a credit facility in lieu of the normal reserve account requirements applicable to the two loans."

V. REMAINING PROVISIONS: In all other respects, the 1996 Agreement, as amended by the First Amendment, shall be and remain in full force and effect.

IN WITNESS WHEREOF, West Virginia-American Water Company and Boone County Public Service District have caused this Second Amendment to be signed, by their duly authorized officers, all as of the date first above written.

WEST VIRGINIA-AMERICAN WATER COMPANY

By _____
Its Vice-President and Treasurer

BOONE COUNTY PUBLIC SERVICE DISTRICT

By _____
Its Chairman

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 14th day of October, 1999, by Michael A. Miller, Vice-President and Treasurer of West Virginia-American Water Company, a West Virginia corporation, on behalf of the corporation.

My commission expires February 26, 2002.

Patti Hedrick
Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF BOONE, to-wit:

The foregoing instrument was acknowledged before me this 18th day of October, 1999, by Lyle Roy, Chairman of Boone County Public Service District, on behalf of Boone County Public Service District.

My commission expires August 24, 2008.

Twila J. Adkins
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TWILA J. ADKINS
P. O. BOX 303
MADISON, WV 25130-0303
My Commission Expires August 24, 2008

One Valley Bank
One Valley Square, P.O. Box 1793
Charleston, WV 25326
(304) 348-7000

ONEVALLEY BANK

Our Letter of Credit No. 00-027

Issuance Date: April 26, 2000

Amount: Up to $142,000.00
(One hundred forty-two thousand dollars and no/100)

Expiration Date: April 26, 2003

Name & Address of Beneficiary:
The West Virginia Municipal Bond Commission on behalf of the Registered Owners of Boone County Public Service District Water Revenue Bonds, Series 2000A (West Virginia DWTRF Program)
Suite 300, L & S Building
812 Quarrier Street
Charleston, WV 25301

Name & Address of Account Party:
Boone County Public Service District
c/o Ms. Carna Mahon
Boone County Commission
206 Court Street
Madison, WV 25130

Name & Address of Applicant:
West Virginia-American Water Company
P.O. Box 1906
Charleston, WV 25327

Dear Beneficiary:

We hereby establish our irrevocable Letter of Credit (the **"Credit"**) in your favor for the account of the Account Party named above, at the request of the Applicant, for not to exceed the amount stated above (the **"Credit Amount"**), subject to the following terms and conditions:

1. The Credit Amount is available only upon our receipt of:

   (a) Your draft or drafts drawn at sight on One Valley Bank, National Association, bearing on its or their face the above number of the Credit, together with the original of the Credit and all amendments thereto.

   (b) Your signed statement reading: "Boone County Public Service District is in monetary default of those certain Boone County Public Service District

Water Revenue Bonds, Series 2000A (West Virginia DWTRF Program), dated April 26, 2000, in the original principal amount of $2,130,000.00 (the "Bonds"), due to its failure to pay principal of and interest, if any, on the Bonds as and when due, and payment has not been received from any other source. The amount of this draw on your Letter of Credit #00-027 does not exceed the amount of such monetary default."

(c) In the event of a draw on the Credit under the provisions of paragraph 4 hereinbelow, and only in that event, Beneficiary's written statement as set forth in paragraph 1. (b) above shall not be required.

2. This Credit may not be transferred or assigned.

3. Multiple draws are permitted. If multiple draws occur, the unused balance of the Credit Amount will be available until the above-stated Expiration Date.

4. The Expiration Date is subject to extension as follows: The Credit shall be automatically extended for periods of one year from the stated Expiration Date or each subsequent Expiration Date, unless we give Beneficiary not less than 60 days prior written notification of our intention not to so extend the Credit, in which case Beneficiary shall have the right to draw on the Credit. Notwithstanding any provision hereof to the contrary, in no event shall this Credit be extended beyond April 26, 2010, and Beneficiary shall not have the right to draw on the Credit as a result of the Credit not having been extended beyond April 26, 2010.

This Credit is issued in Charleston, West Virginia, and all references herein to time limits, including the Expiration Date, are to local Charleston time. We hereby agree with you that each draft drawn under and in accordance with the terms of this Credit will be duly honored upon presentation for negotiation and delivery of documents as specified herein at our counters at One Valley Square (Summers & Lee Sts.) in Charleston, West Virginia, on or before the close of our business on the Expiration Date. All correspondence related to this Credit must be sent to the attention of Mark Bias, Commercial Banking Division, One Valley Bank, National Association, Summers & Lee Sts., P.O. Box 1793, Charleston, WV 25326 and must refer to the number of the Credit.

This Credit is subject to the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce, Paris, France, as in effect on the date of this Credit, and, to the extent not governed thereby, to the laws of the State of West Virginia.

Very truly yours,

J. Mark Bias

J. Mark Bias
Senior Vice President

One Valley Bank
One Valley Square, P.O. Box 1793
Charleston, WV 25326
(304) 348-7000

ONEVALLEY BANK

Our Letter of Credit No. 00-025

Issuance Date: April 26, 2000

Amount: Up to $253,377.00
(Two hundred fifty three thousand three hundred) seventy seven dollars and no/100)

Expiration Date: April 26, 2003

Name & Address of Beneficiary:
The West Virginia Municipal Bond Commission on behalf of the Registered Owners of Boone County Public Service District Water Revenue Bonds, Series 2000B (West Virginia Infrastructure Fund)
Suite 300, L & S Building
812 Quarrier Street
Charleston, WV 25301

Name & Address of Account Party:
Boone County Public Service District
c/o Ms. Carna Mahon
Boone County Commission
206 Court Street
Madison, WV 25130

Name & Address of Applicant:
West Virginia-American Water Company
P.O. Box 1906
Charleston, WV 25327

Dear Beneficiary:

We hereby establish our irrevocable Letter of Credit (the **"Credit"**) in your favor for the account of the Account Party named above, at the request of the Applicant, for not to exceed the amount stated above (the **"Credit Amount"**), subject to the following terms and conditions:

1. The Credit Amount is available only upon our receipt of:

   (a) Your draft or drafts drawn at sight on One Valley Bank, National Association, bearing on its or their face the above number of the Credit, together with the original of the Credit and all amendments thereto.

   (b) Your signed statement reading: "Boone County Public Service District is in monetary default of those certain Boone County Public Service District

35B

Water Revenue Bonds, Series 2000B (West Virginia Infrastructure Fund), dated April 26, 2000, in the original principal amount of $4,909,161.00 (the "Bonds"), due to its failure to pay principal of and interest, if any, on the Bonds as and when due, and payment has not been received from any other source. The amount of this draw on your Letter of Credit #00-025 does not exceed the amount of such monetary default."

(c) In the event of a draw on the Credit under the provisions of paragraph 4 hereinbelow, and only in that event, Beneficiary's written statement as set forth in paragraph 1. (b) above shall not be required.

2. This Credit may not be transferred or assigned.

3. Multiple draws are permitted. If multiple draws occur, the unused balance of the Credit Amount will be available until the above-stated Expiration Date.

4. The Expiration Date is subject to extension as follows: The Credit shall be automatically extended for periods of one year from the stated Expiration Date or each subsequent Expiration Date, unless we give Beneficiary not less than 60 days prior written notification of our intention not to so extend the Credit, in which case Beneficiary shall have the right to draw on the Credit. Notwithstanding any provision hereof to the contrary, in no event shall this Credit be extended beyond April 26, 2010, and Beneficiary shall not have the right to draw on the Credit as a result of the Credit not having been extended beyond April 26, 2010.

This Credit is issued in Charleston, West Virginia, and all references herein to time limits, including the Expiration Date, are to local Charleston time. We hereby agree with you that each draft drawn under and in accordance with the terms of this Credit will be duly honored upon presentation for negotiation and delivery of documents as specified herein at our counters at One Valley Square (Summers & Lee Sts.) in Charleston, West Virginia, on or before the close of our business on the Expiration Date. All correspondence related to this Credit must be sent to the attention of Mark Bias, Commercial Banking Division, One Valley Bank, National Association, Summers & Lee Sts., P.O. Box 1793, Charleston, WV 25326 and must refer to the number of the Credit.

This Credit is subject to the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce, Paris, France, as in effect on the date of this Credit, and, to the extent not governed thereby, to the laws of the State of West Virginia.

Very truly yours,

J. Mark Bias

J. Mark Bias
Senior Vice President

SMALL CITIES BLOCK GRANT CONTRACT
between the
WEST VIRGINIA DEVELOPMENT OFFICE
and the
BOONE COUNTY COMMISSION

THIS AGREEMENT, entered into this 30th day of December 1997, by the West Virginia Department of Finance and Administration on behalf of the West Virginia Development Office, hereinafter called the "State," and the Boone County Commission and its authorized officers, agents, and representatives, hereinafter called the "Grantee."

WITNESS THAT:

WHEREAS, the State has elected to administer the nonentitlement portion of the Community Development Block Grant Program as authorized by Title I of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended, subject to the applicable regulations of the Department of Housing and Urban Development, including but not limited to 24 CFR Part 570, Sub-Part I, as amended or revised, and subject to the scope of the State of West Virginia's Grants Management Handbook and other Program Guidelines, receipt of which is hereby acknowledged by the Grantee.

WHEREAS, the Grantee has identified its housing and community development needs, including those of low- and moderate-income persons and the activities to be undertaken to meet such needs.

WHEREAS, the Grantee has prepared a written citizen's participation plan which provides opportunities for citizen participation, hearings, and access to information with respect to the proposed project statement in such a manner as to afford affected citizens an opportunity for examination and comment regarding the proposed project and on the community development performance of the Grantee, a Community Development Plan, and an Anti-displacement and Relocation Assistance Plan.

WHEREAS, the Grantee has requested assistance from the State and has offered assurances that maximum feasible priority has been given to activities which will benefit low- and moderate-income families, or aid in the prevention or elimination of slums or blight, or to meet other community needs having a particular urgency because an existing condition poses a serious and immediate threat to the health and welfare of the community where other financial resources are not available to meet such needs.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. **Assistance to Grantee**. The State shall obligate to the Grantee, from funds allocated to the State by Grant Agreement B-97-DC-54-0001, $1,250,000 to perform such tasks hereafter described in the Scope of Services.

2. **Scope of Services**. The Grantee, or its designated agent, in accordance with the Grants Management Handbook and other Program Guidelines to be used in administration of the Small Cities Block Grant, and in accordance with the approved application of the Grantee which is attached hereto and made a part hereof as Attachment A, shall do, perform, and carry out, in a satisfactory and proper manner all duties, tasks, and functions necessary to help pay for a portion of the costs to extend water service to the Greenview area of the county, up to the limits of the grant award.

3. **Changes**. The State and the Grantee, from time to time, may require changes in the Scope of the Services of the work to be performed hereunder. Such changes, including any increase or decrease in the amount of the Grantee's compensation and work to be performed which are mutually agreed upon by and between the State and the Grantee, shall be incorporated in written amendments to this Contract. Major changes in the Scope of Services which substantially deviate from that originally approved shall require the same citizen participation process as performed for the initial submission of the grant proposal. The State reserves the right to make final determination on questions regarding changes in the Scope of Services.

4. **Time of Performance**. The Grantee will commence its duties under this Contract on December 30, 1997, and such duties shall be undertaken and completed in such sequences as to assure their expeditious completion in light of the purpose of the Contract; but, in any event, all of the services required hereunder shall be completed by December 30, 2000. Completion date of this Contract may only be extended by mutual written agreement of both parties.

5. **Performance Measures**. Performance measures establish that the Grantee should have all other funding in place and design and engineering completed within twelve months. Furthermore, construction should be started within eighteen months after the execution of this Agreement by both parties. These performance measures establish goals against which performance under this contract can be measured and evaluated during regular scheduled monitoring visits by the State.

6. **Administrative Requirements and Procedures**.

(A) *Personnel.* The Grantee represents that it has or will secure personnel with the necessary qualifications and experience required to perform the services under this Contract. Such personnel shall not be employees of or have any contractual relationship with the State, consistent with the procedures identified in the Grants Management Handbook.

(B) *Applicable Law.* The Grantee, its agents, and subrecipients shall comply with all the restrictions, conditions, policies, guidelines, and requirements of Title I of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended; with all applicable State and Federal Laws and regulations including 24 CFR Part 570; 24 CFR Part 85; OMB Circulars A-87, A-110, A-122, and A-128, as applicable, in administering and distributing funds provided under this Agreement including, but not limited to, the following:

(1) P.L. 88-352: Refers to Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et. seq.) which provides that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the

benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. Implementing regulations are found in 24 CFR Part I.

(2) P.L. 90-284: Refers to Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601-20 et. seq.) popularly known as the Fair Housing Act which provides for fair housing throughout the United States and prohibits any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including otherwise making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, handicap, or familial status. The Grantee further certifies that it will take actions necessary to affirmatively further fair housing.

(3) Executive Order 11063, as amended by Executive Order 12259, requires that taking of all actions necessary and appropriate to prevent discrimination because of race, color, religion (creed), sex, or national origin, in the sale, leasing, rental, or other disposition of residential property and related facilities (including land to be developed for residential use), or in the use of occupancy thereof. Implementing regulations are contained in 24 CFR 107.

(4) Section 109 of P.L. 93-383 requires that no person in the United States shall, on the grounds of race, color, national origin or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with community development funds.

Section 109 of the Act further provides any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101 et. seq.) or with respect to an otherwise qualified handicapped person as provided in Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) shall also apply.

(5) Section 110 of P.L. 93-383 requires compliance with the Davis-Bacon Act, as amended (40 U.S.C. 276a - 276a-5). By reason of the foregoing requirement, the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et. seq.) also applies. In

addition , the West Virginia Act on Construction of Public Improvements, Article 5A, Chapter 21 of the West Virginia Code applies.

(6) Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701U) requiring that to the greatest extent feasible opportunities for employment and training be given to lower income persons residing within the unit of local government or metropolitan area or nonmetropolitan county in which the project is located, and that Contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing in the same area.

(7) Executive Order 11246, as amended by Executive Order 12086 shall apply and provides that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of Federal or Federally assisted construction contracts.

(8) Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831b) prohibits the use, and requires the elimination and/or abatement as far as practical, the hazards of lead-based paints in residential structures constructed or rehabilitated with Federal assistance to include notification of the hazards of lead-based paint. Grantees may use HUD's guidance on lead-based paint elimination that is contained at 24 CFR Part 35.

(9) The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and action as specified and required in regulations issued by the Secretary of Housing and Urban Development pursuant to Section 104(g) of the Act and published in 24 CFR Part 58. In addition to assuming responsibility for National Environmental Policy Act (P.L. 91-190), the Grantee must take into account, where applicable, the criteria, standards, policies, and regulations of the following: (a) Historic Preservation Act of 1966; (b) Executive Order 11593; (c) The Reservoir Salvage Act of 1960; (d) Flood Disaster Protection Act of 1973; (e) Executive Order 11988, Floodplain Management; (f) Executive Order 11990, Protection of Wetlands, (g) Coastal Zone Management Act of 1972; (h) the Safe Drinking Water Act of 1974; (i) the Endangered

Species Act of 1973; (j) the Wild and Scenic Rivers Act of 1968; (k) the Clean Air Act ; (l) Environmental Criteria and Standards (44 FR 40860-40866, July 12, 1979); (m) 24 CFR Part 51, Subpart B, Noise Abatement and Control; (n) Subpart C - Siting of HUD Projects Near Hazardous Operations Handling Conventional Fuels or Chemicals of an Explosive or Flammable Nature; (o) and Subpart D - Siting of HUD Projects in Runway Clear Zones and Accident Potential Zones at Military Airfields. Before committing any funds (other than for exempt activities), the Grantee must certify to the State that it has complied with all requirements and obligations that are set forth by 24 CFR Part 58.

(10) The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4601) and HUD implementing regulations at 24 CFR Part 42 apply to the acquisition of real property for an activity assisted under this part and to the displacement of any family, individual, business, nonprofit organization or farm that results from such acquisition. The West Virginia Code, Chapter 54-3 also applies.

The Grantee must certify compliance with URA. Under Section 104(d) of the Act, each Grantee must adopt, make public and certify that it is following a residential anti-displacement and relocation assistance plan providing one-for-one replacement units and relocation assistance. The plan must also indicate the steps that will be taken to minimize the displacement of persons from their homes as a result of any activities assisted under this part all in accordance with 24 CFR Part 570.488(b).

(11) The State and the Grantee will comply with the provisions of the Department of Treasury Circular 1075 and/or the State's Small Cities Grants Management Handbook, as revised, in the process of requesting and administering funds from the State's Letter of Credit.

(12) Funds provided under this agreement shall not be expended for acquisition or construction purposes in an area that has been identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards unless the community in which the area is situated is participating in the National Flood Insurance

Program; and flood insurance is obtained in accordance with Section 102(a) of the Flood Disaster Protection Act of 1973.

(C) *Accounting.* The Grantee will establish a separate account for the proper recording of project costs in accordance with generally accepted accounting principles and procedures so as to reflect all receipts and allowable expenditures, including program income in connection with the said project and the purpose thereof. If the Grantee received less that $25,000 per state fiscal year in program income, the dollars received are not subject to provision of 24 CFR 570 and may be used at the Grantees discretion. If program income exceeds $25,000 in any given state fiscal year, all program income earned must be expended in accordance with 24 CFR 570.489.

(D) *Audit.* Pursuant to provisions of Chapter 6, Article 9, Section 7 of the West Virginia Code, the Community Development Division has adopted the policy of accepting annual financial audits contracted or performed by the State Tax Department. The Grantee will include these funds to be audited with its yearly organization-wide audit. Audits shall be conducted in accordance with the provisions of the Office of Management and Budget (OMB) Circular A-128, and with standards established by the Comptroller General as specified in Standards for Audit of Governmental Organizations, Programs, Activities, and Functions. Units of local government will make audit reports available for public inspection within thirty (30) days after the completion of the audit.

(E) *Record Retention.* Financial records, supporting documents, statistical records, and all other records pertinent to the grant shall be retained for a period of three years, with the following qualifications:

(1) If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigations, claims, or audit findings involving the records have been resolved.

(2) Records for nonexpendable property acquired with Federal funds shall be retained for three years after its final disposition.

(3) Records for displacement shall be retained in accordance with the Grants Management Handbook.

(4) The retention period starts from the date of the submission of the final performance report.

(F) *Access to Records.* The Grantee shall, at any time during normal business hours and as often as the State or its designated representatives deem necessary, make available for examination all records, books, accounts, reports, files, and other papers, things or property of the Grantee with respect to the matters covered by this Contract. All negotiated contracts awarded by the Grantee shall include a provision that the Comptroller General or any duly authorized representative of the State or HUD shall have access to any books, documents, papers, and records of the contractor which are directly pertinent to a specific grant program for the purpose of making audit, examination, excerpts, and transcriptions.

(G) *Repayment.* The Grantee shall refund to the State or Federal government any expenditures determined to be made for an ineligible purpose for which Federal funds were received.

(H) *Competitive Procurement Procedures.* All procurement transactions, including professional services, regardless of whether negotiated or advertised and without regard to dollar value, shall be conducted in a manner that provides maximum open and free competition consistent with procedures identified in the Grants Management Handbook, 24 CFR Part 85, and with applicable local or State law.

The Grantee shall procure architect/engineer services in accordance with Chapter 5G of the West Virginia State Code and be in compliance with 24 CFR Part 85.

The Grantee shall procure construction contracts in accordance with Chapter 5-22-1 of the West Virginia State Code and be in compliance with federal regulations 24 CFR Part 85.

The Grantee shall solicit sealed bids for all construction-related contracts or supplies related to their project which has an estimated value of over $25,000. Any attempts by the Grantee to segregate the project into sections in order to circumvent competitive procurement may be cause for termination of this Agreement under the provisions of Paragraph 9. These bids shall be obtained by public notice as a Class II legal advertisement in compliance with the provisions of Article Three, Chapter Fifty-Nine of the Code of West Virginia. This notice shall be published by the Grantee in the newspaper with the largest circulation serving the general area within a period of fourteen consecutive days with at least an interval of six full days within such period between the date of the first publication and the date of the second publication preceding the final date of submitting bids. The Grantee shall also, where feasible, solicit sealed bids by listing the project in the F. W. Dodge Reports, sending requests by mail to prospective suppliers or contractors, sending notification to the State's Small Business Development Center Division, and by posting notice on a bulletin board in a public place. The Grantee shall have available upon request for review by the State or its designated representative, bid documents and other evidence of compliance with these procedures. The resolution of bid and contract disputes is the responsibility of the Grantee.

(l) *Bonding and Insurance.* As otherwise required by law, a grant that requires the contracting or subcontracting for construction or facility improvements under $100,000 shall provide for the Grantee to follow local or State requirements relating to bid guarantees, performance bonds, and payment bonds provided that the Grantee's and State's interest is adequately protected and that such contracts can be executed in a timely manner; otherwise, bonding requirements shall be the same as for contracts exceeding $100,000. If the contracts or subcontracts exceeds $100,000, the minimum bonding and insurance requirements shall be as follows:

(1) A bid guarantee from each bidder equivalent to five percent of the bid price. This bid guarantee shall consist of a firm commitment such as bid bond, certified

check, or other negotiable instrument accompanying a bid that the bidder will, upon acceptance of the bid, execute the contractual documents as may be required within the time specified.

(2) A performance bond on the part of the contractor for 100 percent of the contract price. This performance bond shall be executed by the successful contractor in connection with a contract to secure fulfillment of the contractor's obligations under such contract.

(3) A payment bond on the part of the contractor for 100 percent of the contract price. This payment bond shall be executed in connection with a contract to assure payment is required by law of all persons supplying labor or materials in the execution of the work provided for in the Contract.

(J) *Facilities Operation.* The Grantee shall operate and maintain all facilities to which the general public has right of access constructed under the auspices of this Contract in accordance with minimum standards as may be required or prescribed by the applicable Federal, State and local statute, law, ordinance, or regulation as to actual construction procedures. The Grantee shall be responsible for maintenance and operation of such facilities upon completion. The Grantee may not change the use or planned use of any such facility (including the beneficiaries of such use) from that purpose initially approved unless the Grantee provides affected citizens with reasonable notice thereof and opportunity to comment on any proposed change all in accordance with 24 CFR Part 570.489(j).

(K) *Conflict of Interest.* No officer, agent, member, employee, elected or appointed official of the State, the Grantee, or any public agency or subrecipient receiving Community Development Block Grant funds who exercises or has exercised any function or responsibilities with respect to activities assisted with Community Development Block Grant funds or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from such activity or have an interest in any contract, subcontract, or agreement with respect

thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one (1) year thereafter. The conflict of interest provision of 24 CFR 85.36; 24 CFR 570.489(h); and OMB Circular A-110 also apply as appropriate.

7. **Recovery of Capital Costs**. The Grantee will not attempt to recover any capital costs of public improvements assisted in whole or in part with funds from this program by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements unless: (a) funds received are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from other revenue sources; or (b) for purposes of assessing any amount against properties owned and occupied by persons of low and moderate income who are not persons of very low income, the Grantee certifies to the State of West Virginia that it lacks sufficient funds received under the program to comply with the requirements of clause (a).

8. **Method of Payment**. In order to receive any and all payments under the terms of this Agreement, the Grantee shall submit the following: (a) a Letter of Transmittal containing a progress report, and (b) a Request for Payment Financial Report. Upon receipt of said documents, the State shall review the same for reasonableness, appropriateness and eligibility and, if approved, will cause a warrant to be made on that sum to the Grantee for authorized expenditures from the State's Letter of Credit with the Department of Housing and Urban Development.

9. **Termination of Contract for Cause**. If, through any cause, the Grantee shall fail to fulfill in a necessary and proper manner its obligations under this Contract or if the Grantee shall violate any of the covenants, agreements, or stipulations of this Contract, the State shall thereupon have the right to terminate this Contract by giving written notice to the Grantee to such termination and specifying the effective date thereof, at least fifteen days

before the effective date of such termination. The Grantee shall be entitled to receive just and equitable compensation for any satisfactory work completed on the described project.

Notwithstanding the above, the Grantee shall not be relieved of liability to the State for damages sustained by the State by virtue of any breach of the Contract by the Grantee, and the State may withhold any payments to the Grantee for the purpose of off-setting those damages until such time as the exact amount of damages due the State from the Grantee is determined.

10. **Termination for Convenience of the State**. The State may terminate this Contract at any time by giving written notice to the Grantee of such termination and specifying the effective date of termination. If the Contract is terminated by the State as provided herein, the Grantee will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Grantee covered by this Contract, less payments of compensation previously made.

11. **Termination by the Grantee**. The Grantee may unilaterally rescind this Agreement at any time prior to the commencement of the project. After project commencement, this Agreement may be rescinded, modified, or amended only by mutual agreement. A project shall be deemed commenced when the State makes any expenditure or incurs any obligation with respect to the project.

12. **Reporting**. A Final Performance Report shall be submitted to the State with the final request for payment for project costs, excluding audit. Said Performance Report shall be made on the forms provided by the State and meet the requirements of said report as set forth in the appropriate Technical Assistance Guides of the State of West Virginia. Other reports may be requested by the State during the grant period as the State deems necessary and directs.

13. **Final Closeout**. Final Closeout shall be completed when the State: (a) is in receipt of a Final Performance Report; (b) has determined that all monitoring findings have

been formally addressed and are resolved; and (c) has received a completed, final project audit and has determined that any findings have been resolved.

14. **Resolution of Disputes.** Resolution of disputes between the State and the Grantee concerning administrative and programmatic matters during the terms of this Agreement shall be initiated through consultation and discussion at the State's Administrative Offices with final decision on questions of policy or fact being determined by the Director of the Community Development Division of the West Virginia Development Office or his/her designated representative. Nothing in this Agreement shall be construed as making the final decision on a question of law, or to limit in any manner any remedies or recourses available under applicable laws. Citizen's complaints or disputes regarding Grantee performance or actions relative to the approved project are the responsibility of the Grantee.

15. **Notice**. The parties hereto agree that notice shall be served when mailed certified U.S. Mail to the following addresses:

West Virginia Development Office
Community Development Division
Capitol Complex
Building 6, Room 553
Charleston, West Virginia 25305-0311

GRANTEE Boone County Commission
200 State Street
Madison, West Virginia 25130

[WITNESSETH] that the parties hereto have entered their signatures hereafter with each representing to the other that the execution of this Agreement is done with full authority and that attached hereto and made a part hereof as Attachment B, is a certified copy of the resolution, motion, or similar action of the governing body of the Grantee directing and authorizing its official representative to act in connection with this Agreement.

STATE OF WEST VIRGINIA
WEST VIRGINIA DEVELOPMENT OFFICE

Thomas C. Burns, Executive Director

BOONE COUNTY COMMISSION

By: J. M. "Mickey" Protan, President

FEDERAL EMPLOYER IDENTIFICATION NUMBER

55-6000298

F. E. I. N.

SECTION 4

Assurances

Community Development Block Grant
Small Cities Program

The applicant hereby assures and certifies that:

A. It possesses legal authority to apply for the grant and to execute the propose program.

B. Its governing body has duly adopted or passed as an official act a resolution, motion, or similar action authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.

C. Prior to submission of its application to the state, the applicant has met the citizen participation requirements of the Act.

D. It will not attempt to recover any capital costs of public improvements assisted in whole or in part with the Title I funds by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless: (a) Title I funds are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than Title I funds; or (b) for purposes of assessing any amount against properties owned and occupied by persons of low- and moderate-income who are not persons of very low income, it certifies to the state that it lacks sufficient Title I funds to comply with the requirements of clause (a).

E. It is following a written and detailed citizen plan which :

1. provides for and encourages citizen participation, with particular emphasis on participation by persons of low- and moderate-income who are residents of slum and blight areas and of areas in which funds are proposed to be used and provides for participation of residents in low- and moderate-income neighborhoods as defined by the local jurisdiction;

2. provides citizens with reasonable and timely access to local meeting, information, and records relating to the grantee's proposed use of funds, as required by regulations of the Secretary of the U.S. Department of Housing and Urban Development and relating to the actual use of funds under this title;

3. provides for technical assistance to groups representative of persons of low- and moderate-income that request such assistance in developing proposals with the level and type of assistance to be determined by the grantee;

2. Authorizes and consents on behalf of the applicant and himself/herself to accept the jurisdiction of the federal courts for the purpose of enforcement of his responsibilities as such an official.

H. The Community Development Program has been developed so as to give maximum feasible priority to activities which will benefit low- and moderate-income families; meet other community development needs having particular urgency because an existing condition poses a serious and immediate threat to the health and welfare of the community, and other financial resources are not available to meet such needs; or aid in the prevention or elimination of blighted or deteriorated areas.

I. It will comply with the regulations, policies, guidelines, and requirements of the state as they relate to the application, and acceptance and use of funds to include Subpart I of 24 CFR 570 and supplemental parts of 24 CFR Part 570 as specifically made applicable by the state to the extent expressly referred to.

J. It will administer and enforce the labor standards requirement set forth in 24 CFR 570.603 and HUD regulations issued to implement such requirements.

K. It will comply with all requirements by the state and/or federal government concerning special requirements of law, program requirements, and other administrative requirements.

L. It will comply with the provisions of Executive Order 11988 relating to evaluation of flood hazard and Executive Order 11990 relating to the prevention, control, and abatement of water pollution.

M. Its notification, inspection, testing, and abatement procedures concerning lead-based paint will comply with 24 CFR 570.487 and procedures adopted by the state.

N. It will require every building or facility (other than a privately owned residential structure) designed, constructed, or altered with funds provided under this part, to comply with the :American Standard Specifications for Making Buildings and Facilities Accessible to, and Usable by, the Physically Handicapped," Number A-117.1-R 1971, subject to the exceptions contained in 41 CFR 101-19.604. The applicant will be responsible for conducting inspections to ensure compliance with these specifications by the contractor.

O. It will comply with:

1. Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352) and the regulations issued pursuant thereto (24 CFR Part 601) which provides that no persons in the United States shall, on the grounds of race, color, or national origin, be excluded from participation I, be denied the benefit of, or be otherwise subjected to discrimination under any program or activity for which the applicant received federal financial assistance, and will immediately take any measures necessary to effectuate this assistance. If any real property or structure thereon is provided or improved with the aid of federal financial assistance extended to the applicant, this assurance shall obligate the applicant or, in the case of any transfer of such property, any transfer, for the period during which the real property or structure is used for a purpose for

which the federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits.

2. Title VIII of the Civil Rights Act of 1968 (Pub. L. 90-284), as amended, administering all programs and activities relating to housing and community development in a manner to affirmatively further fair housing; and will take action to affirmatively further fair housing in the sale or rental of housing, the financing of housing, and the provision of brokerage services.

3. Section 109 of the Housing and Community Development Act of 1974, and the regulations issued pursuant thereto (24 CFR Part 570.602), which provides that no persons in the United States shall, on the grounds of race, color, national origin, or sex, be subjected to discrimination under any program or activity funding in whole or in part with funds provided including, discrimination on the basis of age under the Age Discrimination Act of 1975, or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973 and the regulations issued pursuant thereto (24 CFR Part 8).

4. Executive Order 11063 on equal opportunity in housing and nondiscrimination in the sale or rental of housing built with federal assistance.

5. Executive Order 11246, and the regulations issued pursuant thereto (24 CFR Part 130 and 41 CFR Chapter 60), which provides that no persons shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of federal or federally assisted construction contracts. Contractors and subcontractors on federal and federally assisted construction contracts shall take affirmative action to ensure fair treatment in employment upgrading, demotion, or transfer; recruitment, or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training and apprenticeship.

P. It will comply with Section 3 of the Housing and Urban Development Act of 1968, as amended, requiring that, to the greatest extent feasible, opportunities for training and employment be given to lower-income residents of the project area and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by persons residing in, the area of the project.

Q. Will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and Federal Implementing regulation at 49 CFR 24, and the requirements of section 570.488, and is following a residential anti-displacement and relocation assistance plan under section 104(d) of the Act, and will minimize displacement of persons as a result of activities assisted with CDBG funds.

R. It will establish safeguards to prohibit employees from using positions for a purpose that is, or gives the appearance of being, motivated by a desire for a private gain for themselves or others, particularly those with whom they have family, business, or other ties as required by State Law and 24 CFR 570.489(h).

S. It will comply with the provisions of the Hatch Act which limits the political activity of employees.

T. It will give the State of West Virginia, HUD, and the General Accounting Office, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the grant.

U. It will ensure that the facilities under its ownership, lease or supervision which shall be utilized in the accomplishment of the program are not listed on the Environmental Protection Agency's (EPA) List of Violating Facilities, and it will notify the state of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be used in the project under consideration for listing y the EPA.

V. It will comply with the flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973, P. L. 93-234, 87 Stat. 875, approved December 31, 1973. Section 103(a) required on and after March 2, 1974, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any federal assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards. The phrase "federal financial assistance" includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any form of direct or indirect federal assistance.

W. It will, in connection with its performance of environmental assessments underthe National Environmental Policy Act of 1969, comply with Section 106 of the National Historic Preservation Act of 1968 (16 U.S.C. 470), Executive Order 11593, and the Preservation of Archaeological and Historical Data Act of 1966 (16 U.S.C. 468a-11 et. seq.) by:

1. Consulting with the State Historic Preservation Officer to identify properties listed in or eligible for inclusion in the National Register of Historic Places that are subject to adverse effects (see 26 CFR Part 800.8) by the proposed activity, and

2. Complying with all requirements established by HUD to avoid or mitigate adverse effects upon such properties.

X. It will provide and maintain competent and adequate architectural engineering supervision and inspection at all construction sites to ensure that the complete work conforms with the approved plans and specifications and that all contract provisions have been compied with.

Y. It will not use funds directly or indirectly to employ, award contracts to, or otherwise engage the services of a debarred, suspended, or ineligible contractor or subrecipient.

Z. It will assume responsibility to ensure that all program funds are accounted for consistent with program objectives and all federal, state, and local laws and regulations.

AA. It will cause the project to be audited in accordance with OMB Circular A-128, and will promptly refund to the state any funds received that are not supported by audit.

BB. It certifies, to the best of its knowledge and belief, that

(1) No federally appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any persons for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than federally appropriated fundshave been paid or will be paid to any persons for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit standard Form-LL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

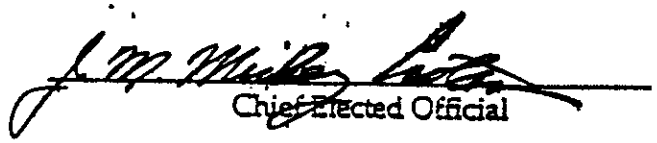
(3) The undersigned shall require that the language of this certification be included in the award documents for all subawatds at all tiers (including subcontractors, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any persons who fails to file the required certification shall be subject to civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

CC. Ir has adopted and is enforcing a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individual engaged in nonviolent civil rights demonstrations; and is enforcing applicable state and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction.

J. M. "Mickey" Protan

Name



Chief Elected Official

June 19, 1997

Date

SMALL CITIES PROGRAM SECTION 1 PROJECT SUMMARY	1. Original __x__ Amendment # _____ Date: 6-19-97	2. Applicant Boone County Commission
3. F.E.I.N. of Applicant 55-6000298	4. Address of Applicant Courthouse Annex 206 Court St. Madison, WV 25130	5. Name/Address of Contact Person John Romano Phone: 345-8191 c/o RIC 511 Central Ave. Charleston, WV 25302
6. Project Name: Boone Co. Water Extension	7. County Boone	8. Region III
9. Funding		

TYPE	AMOUNT	SOURCE(S)/PROGRAM(S)
Small Cities Block Grant	$1,250,000	
Other State		
Other Federal Grant ARC	$1,000,000	Appalachian Regional Commission
Other Federal Loan LOCAL		
Local		
Other WV-AMC	$441,350	WV-American Water Company
Other Danville PSD	$382,500	WVIJDC Loan to Danville PSD
Other		
Program Income SCBG		
TOTAL	$3,073,850	

10. Project Scope: Description of Project.

The water extensions included in this application--Greenview/Big Branch; Hewett Creek/Missouri Fork; Jeffrey/Secoal/Obes Branch--are a part of the $27.7 million Kanawha Valley Treatment Plant Regionalization. This cooperative effort by the Boone County Commission, the WV-American Water Company, and the Boone County PSD will provide water service to about 85% of the residents of Boone County (see attachments).

1,130 **Total Number of Persons to be Served** 718 **Number L.M.I. Persons**

To the best of my knowledge and belief, data in this proposal is true and correct, the submission thereof has been duly authorized by the governing body after appropriate citizen participation, and the applicant will comply with the attached assurances and certifications if assistance is provided.

Typed Name: J. M. "Mickey" Protan **Signature:** J. M. Mickey Protan

Title: President **Date:** June 19, 1997

Section 2, continued

6. Activity Name: **Water Extensions in Southwestern Boone County**

COST CATEGORY	SCBG	OTHER	SOURCE OTHER	AVAILABLE	TOTAL
ADMINISTRATION		57,400	WVAWC	Yes	57,400
ARCH/ENGINEER		308,950	WVAWC	Yes	308,950
LAND ACQUISITION		75,000	WVAWC	Yes	75,000
RELOCATION					
DEMO/CLEARANCE					
CONSTRUCTION	1,250,000	1,382,500	ARC/WVIJDC	SEE BELOW	2,632,500
HOUSING					
PLANNING ONLY					
LMI ASSESSMENTS					
OTHER					
TOTAL	$1,250,000	$1,823,850			$3,073,850

Attach cost estimates and documentation regarding "other" funds status.

If other funds are not currently available for expenditure, list the milestones to be achieved to obtain the other funds and estimated dates when the milestones will be achieved.

Milestone		Estimated Date
ARC - Application to be resubmitted 7/15/97	($1,000,000)	October, 1997
WVAWC - Funds committed;	($441,350)	October, 1997
WVIJDC - Application submitted 11/18/96	($382,500)	October, 1997
HUD-SCBG - Application submitted 6/19/97	($1,250,000)	October, 1997

TOTAL COST: $3,073,850

Cecil H. Underwood, Governor

WEST VIRGINIA
MOUNTAINS OF OPPORTUNITY

WEST VIRGINIA DEVELOPMENT OFFICE

1900 KANAWHA BOULEVARD, EAST
CHARLESTON, WV 25305-0311

January 14, 1999

The Honorable J. M. "Mickey" Protan
President
Boone County Commission
Courthouse Annex
206 Court Street
Madison, West Virginia 25130

Dear Commissioner Protan:

RE: Appalachian Regional Commission
Boone County Commission—Water Line Extension

Enclosed is your copy of the executed grant award and state/local contract for the above-referenced project. You should retain this contract and grant award with your project files.

Sincerely,

John McGarrity for
Community Development Specialist

JM:ca

Enclosure

cc: T. White

WEST VIRGINIA DEVELOPMENT OFFICE
GRANT AWARD

Grant Number: 99-220

CFDA Number: 23.002

State Acct. No.: 8705-1999-0307-096-025

Fiscal Year: 1999

Program Name: ARC

Grantee Name & Address:

Boone County Commission
206 Court Street
Madison, WV 25130

F.E.I.N. 556-000-298

Grant Period:
From: March 30, 1998
To: March 30, 2001

Project Name: Water Line Extension

Grant ID: A98DC540002

Project Number: 98ARCP0019

Project Description

Shall do, perform and carry out, in a satisfactory and proper manner all duties, tasks, and functions necessary to pay for a portion of the costs to extend water line service to the Hewett Creek/ Missouri Fork within Boone County.

Change Orders

Number: **Date:** **Purpose:**

TERMS AND CONDITIONS ARE ON FILE IN THE WEST VIRGINIA DEVELOPMENT OFFICE AND AVAILABLE FOR INSPECTION. A COPY OF THE ORIGINAL AGREEMENT IS ATTACHED TO TRANSMITTAL _____, PROCESSED ON OR ABOUT _____.

PAYMENT NUMBER_____.

TOTAL AMOUNT OF THIS GRANT $ 1,000,000.00

Authorized Signature: Dan O. Dai

Title: Executive Director

Date: Jan. 7, 1999

Cecil H. Underwood, Governor

WEST VIRGINIA
MOUNTAINS OF OPPORTUNITY

WEST VIRGINIA DEVELOPMENT OFFICE

1900 KANAWHA BOULEVARD, EAST
CHARLESTON, WV 25305-0311

April 7, 1998

The Honorable J. M. "Mickey" Protan
President
Boone County Commission
Courthouse Annex
206 Court Street
Madison, West Virginia 25130

Dear Commissioner Protan:

Congratulations on the approval of a $1,000,000 Appalachian Regional Commission (ARC) grant, for a total project cost of $1,684,000, to the Boone County Commission for the Hewett Creek/Missouri Fork Water Project. A copy of the approval letter is enclosed.

Should there be a need for any changes in the scope of the project or project funding, a request should be made to the West Virginia Development Office.

Please be aware that ARC funds are considered to be the last source of funding committed to a project. Should there be a cost underrun, the funds not used are considered Appalachian Regional Commission funds and would be returned to the Commission.

If you should have any questions, please feel free to contact me at 558-2001.

Sincerely,

Ben Newhouse
ARC Representative

BN:cc

cc: Larry Long
Region III

Enclosure

APPALACHIAN REGIONAL COMMISSION
CONTRACT BETWEEN
WEST VIRGINIA DEVELOPMENT OFFICE
AND THE
BOONE COUNTY COMMISSION

THIS AGREEMENT, entered into this **30th** day of **March 1988,** by the West Virginia Department of Finance and Administration on behalf of the West Virginia Development Office, hereinafter called the "State," and the **Boone County Commission** and its authorized officers, agents, and representatives, hereinafter called the "Grantee."

WITNESS THAT:

WHEREAS, the State has promised and agreed to assist the Grantee to perform such tasks hereafter described in the Scope of Services, which is to partially financed by funds made available through an Appalachian Regional Commission Grant (**WV-12956-I-214**), approved on **March 30, 1998,** under Section 214 of the Appalachian Regional Commission Act of 1965, as amended.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. Assistance to Grantee. The State shall provide the Grantee with technical assistance and services necessary to perform such tasks hereafter described in the Scope of Services.

2. Scope of Services. The Grantee, or its designated agent, in accordance with the Program Guidelines to be used in the administration of a previously approved Small Cities Block Grant, and in accordance with the approved application of the Grantee which is attached hereto and made a part hereof as Attachment A, shall do, perform, and carry out, in a satisfactory and proper manner all duties, tasks, and functions necessary to **pay for aportion**

of the costs to extend water line service to the Hewett Creek/Missouri Fork are of Boone County, up to the limits of the grant award.

3. Consideration. In consideration of the services rendered by the Grantee, the State agrees to pay **$1,000,000** and in no instance shall this amount be exceeded unless by mutual written amendment or modification approved by the Appalachian Regional Commission and the State. ARC funds are limited to the lesser of (1) the amount specified in ARC's most recent approval or (2) the difference between the actual eligible project cost and the sum of the actual non-ARC basic grants and the non-federal funds specified in ARC's most recent approval, unless otherwise directed by the Commission.

4. Changes. The State and the Grantee, from time to time, may require changes in the Scope of Services of the work to be performed hereunder. Such changes, including any increase or decrease in the amount of the Grantee's compensation and work to be performed, which are mutually agreed upon by and between the Appalachian Regional Commission, the State, and the Grantee, shall be incorporated in written amendments to this Contract.

5. Time of Performance. The Grantee will commence its duties under this Contract on **March 30, 1998,** and such duties shall be undertaken and completed in such sequences as to assure their expeditious completion in light of the purpose of the Contract but, in any event, all of the services required hereunder shall be completed by **March 30, 2001**. Completion date of this Contract may only be extended by mutual written agreement of both parties.

6. **Performance Measures**. Performance measures establish that the Grantee should have all other funding in place and design and engineering completed within twelve months. Furthermore, construction should be started within eighteen months after the execution of this Agreement by both parties. These performance measures establish goals against which performance under

7. Administrative Requirements and Procedures.

(A) Personnel. The Grantee represents that it has or will secure personnel with the necessary qualifications and experience required to perform the services under this Contract. Such personnel shall not be employees of or have any contractual relationship with the State, consistent with the procedures identified in the Grants Management Handbook.

(B) Applicable Law. The Grantee shall comply with all the restrictions, conditions, and requirements of the Appalachian Regional Commission Act of 1965, as amended, and with all applicable State and Federal Laws and regulations in administering and distributing funds provided under this Agreement including, but not limited to, the following:

(1) P.L. 88-352: Refers to Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et. seq.) which provides that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. Implementing regulations are found in 24 CFR Part 1.

(2) P.L. 90-284: Refers to Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et. seq.) popularly known as the Fair Housing Act. In addition, Executive Order 11063, as amended by Executive Order 12259 and as implemented by 24 CFR Part 107, are applicable.

(3) Section 109 of P.L. 93-383 including the Age Discrimination Act of 1976 (U.S.C. 6101 et. seq.) and Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) shall apply.

(4) Section 110 of P.L. 93-383 requires compliance with the Davis-Bacon Act, as amended (40 U.S.C. 276a - 276a-5). By reason of the foregoing requirement, the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et. seq.) also applies. In addition, the West Virginia Act on

Construction of Public Improvements, Article 5A, Chapter 21 of the West Virginia Code applies.

(5) Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701U) requiring that, to the greatest extent feasible, opportunities for employment and training be given to lower-income persons residing within the unit of local government or metropolitan area or nonmetropolitan county in which the project is located, and that contracts for work in connection with the project be awarded to eligible business concerns which are located in or owned in substantial part by, persons residing in the same area.

(6) Section 401(b) of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831) prohibits the use of lead-based paints in residential structures.

(7) The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and action as specified and required in regulations issued by the Secretary of Housing and Urban Development pursuant to Section 104(f) of the Act and published in 24 CFR Part 58. In addition to assuming responsibility for National Environmental Policy Act (P.L. 91-190), the Grantee must take into account, where applicable, the criteria, standards, policies, and regulations of the following: (a) Historic Preservation Act of 1966; (b) Executive Order 11593; (c) The Reservoir Salvage Act of 1960; (d) Flood Disaster Protection Act of 1973; (d) Executive Order 11988, Floodplain Management; (f) Executive Order 11990, Protection of Wetlands; (g) Coastal Zone Management Act of 1972; (h) the Safe Drinking Water Act of 1974; (i) the Endangered Species Act of 1973; (j) the Wild and Scenic Rivers Act of 1968; (k) the Clean Air Act; (l) Environmental Criteria and Standards (44 FR 40860-40866, July 12, 1979); (m) 24 CFR Part 51, Subpart B, Noise Abatement and Control; (n) Subpart C - Sitting of HUD Projects Near

Hazardous Operations Handling Conventional Fuels or Chemicals of an Explosive or Flammable Nature; (o) and Subpart D - Sitting of HUD Projects in Runway Clear Zones and Accident Potential Zones at Military Airfields. Before committing any funds (other than for exempt activities), the Grantee must certify to the State that it has complied with all requirements and obligations that are set forth by 24 CFR Part 58.

(8) The State and the Grantee will comply with the provisions of Department of Treasury Circular 1075 and/or the State's Small Cities Grants Management Handbook, as revised, in the process of requesting and administering funds from the State's Letter of Credit.

(C) Accounting. The Grantee will establish a separate account for the proper recording of project costs in accordance with generally accepted cost accounting principles and procedures so as to reflect all receipts and allowable expenditures, including program income in connection with the said project and the purpose thereof. If the Grantee received less than $25,000 per state fiscal year in program income, the dollars received are not subject to provisions of 24 CFR 570 and may be used at the Grantee's discretion. If program income exceeds $25,000 in any given state fiscal year, all program income earned must be expended in accordance with 24 CFR 570.489.

(D) Audit. Pursuant to provisions of Chapter 6, Article 9, Section 7 of the West Virginia Code, the Community Development Division has adopted the policy of accepting annual financial audits contracted or performed by the State Tax Department. The Grantee will include these funds to be audited with its yearly organization-wide audit. Audits shall be conducted in accordance with the provisions of the Office of Management and Budget (OMB) Circular A-128, and with standards established by the Comptroller General as specified in Standards for Audit of Governmental Organizations, Programs, Activities, and

Functions. Units of local government will make audit reports available for public inspection within thirty (30) days after the completion of the audit.

(E) Record Retention. Financial records, supporting documents, statistical records, and all other records pertinent to the grant shall be retained for a period of three years, with the following qualifications:

(1) If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation's, claims, or audit findings involving the records have been resolved.

(2) Records for nonexpendable property acquired with Federal funds shall be retained for three years after its final disposition.

(3) Records for displacement shall be retained in accordance with the Grants Management Handbook.

(4) The retention period starts from the date of the submission of the final expenditure report.

(F) Access to Records. The Grantee shall, at any time during normal business hours and as often as the State or its designated representatives deem necessary, make available for examination all records, books, accounts, reports, files, and other papers, things or property of the Grantee with respect to the matters covered by this Contract. All negotiated contracts awarded by the Grantee shall include a provision that the Comptroller General or any duly authorized representative of the State or HUD/ARC shall have access to any books, documents, papers, and records of the contractor which are directly pertinent to a specific grant program for the purpose of making audit, examination, excerpts, and transcriptions.

(G) Repayment. The Grantee shall refund to the State or Federal government any expenditures determined to be made for an ineligible purpose for which Federal funds were received.

(H) Competitive Bid Procedures. All procurement transactions, including professional services, regardless of whether negotiated or advertised and without regard to dollar value, shall be conducted in a manner that provides maximum open and free competition consistent with procedures outlined in the Grants Management Handbook, 24 CFR Part 85, and with applicable local and State law.

The Grantee shall procure architect/engineer services in accordance with Chapter 5G of the West Virginia State Code and be in compliance with 24 CFR Part 85.

The Grantee shall procure construction contracts in accordance with Chapter 5-22-1 of the West Virginia State Code and be in compliance with federal regulations 24 CFR Part 85.

The Grantee shall solicit sealed bids for all construction-related contracts or supplies related to their project which has an estimated value of over $25,000. Any attempts by the Grantee to segregate the project into sections in order to circumvent competitive procurement may be cause for termination of this Agreement under the provisions of Paragraph 9. These bids shall be obtained by public notice as a Class II legal advertisement in compliance with the provisions of Article Three, Chapter Fifty-nine of the Code of West Virginia. This notice shall be published by the Grantee in the newspaper with the largest circulation serving the general area twice within a period of fourteen consecutive days with at least an interval of six full days within such period between the date of the first publication and the date of the second publication preceding the final date of submitting bids. The Grantee shall also, where feasible, solicit sealed bids by listing the project in the F. W. Dodge Reports, sending requests by mail to prospective suppliers or contractors, sending notification to the State's Small Business Development Center Division, and by posting notice on a bulletin board in a public place.

The Grantee shall have available upon request for review by the State or its designated representative, bid documents and other evidence of compliance with these procedures. The resolution of bid and contract disputes is the responsibility of the Grantee.

(I) Bonding and Insurance. As otherwise required by law, a grant that requires the contracting or subcontracting for construction of facility improvements shall provide for the Grantee to follow local or State requirements relating to bid guarantees, performance bonds, and payment bonds unless the Contract or subcontract exceeds $100,000. If the contracts or subcontracts exceed $100,000, the minimum bonding and insurance requirements shall be as follows:

(1) A bid guarantee from each bidder equivalent to five percent of the bid price. This bid guarantee shall consist of a firm commitment such as bid bond, certified check, or other negotiable instrument accompanying a bid that the bidder will, upon acceptance of the bid, execute the contractual documents as may be required within the time specified.

(2) A performance bond on the part of the contractor for 100 percent of the contract price. This performance bond shall be executed by the successful contractor in connection with a contract to secure fulfillment of the contractor's obligations under such contract.

(3) A payment bond on the part of the contractor for 100 percent of the contract price. This payment bond shall be executed in connection with a contract to assure payment as required by law of all persons supplying labor or materials in the execution of the work provided for in the Contract.

(J) Facilities Operation. The Grantee shall operate and maintain all facilities to which the general public has right of access constructed under the auspices of this Contract in accordance with minimum standards as may

be required or prescribed by the applicable Federal, State and local statute, law, ordinance, or regulation as to actual construction procedures, as well as maintenance and operation of such facilities upon completion.

(K) Interest of Members of the State and Others. No officer, member or employee of the State, or officer, member or employee of the Grantee who exercises any function or responsibilities in the review or approval of the undertaking or carrying out of this project, shall participate in any decision relating to this Contract which, during his tenure or for one year thereafter, affects his personal interest or the interest of any corporation, partnership, or association in which he is directly or indirectly interested or has any personal or pecuniary interest. No officer, member, or employee of the Grantee or any member of its governing body, or officer, member, or employee of the contractor shall have any interest, direct or indirect, in this Contract or the proceeds thereof.

9. Method of Payment. In order to receive any and all payments under the terms of this Agreement, the Grantee shall submit the following: (a) a Letter of Transmittal containing a project progress report, and (b) a Request for Payment-Financial Report with support documentation. Upon receipt of said documents, the State shall review the same for reasonableness, appropriateness and eligibility and, if approved, will cause a warrant to be made on that sum to the Grantee for authorized expenditures.

10. Termination of Contract for Cause. If, through any cause, the Grantee shall fail to fulfill in a necessary and proper manner its obligations under this Contract or if the Grantee shall violate any of the covenants, agreements, or stipulations of this Contract, the State shall thereupon have the right to terminate this Contract by giving written notice to the Grantee of such termination and specifying the effective date thereof, at least fifteen days before the effective date of such termination. The Grantee shall be entitled to receive

just and equitable compensation for any satisfactory work completed on the described project.

Notwithstanding the above, the Grantee shall not be relieved of liability to the State for damages sustained by the State by virtue of any breach of the Contract by the Grantee, and the State may withhold any payments to the Grantee for the purpose of set-off until such time as the exact amount of damages due the State from the Grantee is determined.

11. Termination for Convenience of the State. The State may terminate this Contract at any time by giving written notice to the Grantee of such termination and specifying the effective date of termination. If the Contract is terminated by the State as provided herein, the Grantee will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Grantee covered by this Contract, less payments of compensation previously made.

12. Termination by the Grantee. The Grantee may unilaterally rescind this Agreement at any time prior to the commencement of the project. After project commencement, this Agreement may be rescinded, modified, or amended only by mutual agreement. A project shall be deemed commenced when the State makes any expenditure or incurs any obligation with respect to the project.

13. Reporting. A Final Performance Report shall be submitted to the State with the final request for payment for project costs, excluding audit. Said Performance Report shall be made on the forms provided by the State and meet requirements of said report as set forth in the appropriate Technical Assistance Guides of the State of West Virginia. Other reports may be requested by the State during the grant period as the State deems necessary and directs.

14. Final Close-out. Final Close-out shall be completed when the State: a) is in receipt of a Final Performance Report; b) has determined that all monitoring findings have been formally addressed and are resolved; and c) has received a completed, final project audit and has determined that any findings have been resolved.

15. Resolution of Disputes. Resolution of disputes between the State and the Grantee concerning administrative and programmatic matters during the terms of this Agreement shall be initiated through consultation and discussion at the State's Administrative Offices with final decision on questions of policy or fact being determined by the Director of the Community Development Division of the West Virginia Development Office or his/her designated representative. Nothing in this Agreement shall be construed as making the final decision on a question of law, or to limit in any manner any remedies or recourses available under applicable laws. Citizen's complaints or disputes regarding Grantee performance or actions relative to the approved project are the responsibility of the Grantee.

16. Reservation of Right to Request Refinement. The State and the Appalachian Regional Commission reserves the right to require Grantee, upon reasonable notice, to submit detailed budgets of work plans for, or to refine application provisions relating to, any activities, work or individual project, to be assisted by funds under this Agreement. Grantee agrees, after receipt of such notice under this article, to provide such budget, work plan and/or refinements within a reasonable time period. Grantee shall cease activities thereon and no costs pertaining to such activities on such projects shall be eligible project costs unless the Appalachian Regional Commission approves such budget, plan, or refinement.

[**WITNESSETH**] that the parties hereto have entered their signatures hereafter with each representing to the other that the execution of this Agreement is done with full authority and that attached hereto and made a part hereof as Attachment B, is a certified copy of the resolution, motion, or similar action of the governing body of the Grantee directing and authorizing its official representative to act in connection with this Agreement.

STATE OF WEST VIRGINIA
WEST VIRGINIA DEVELOPMENT OFFICE

Thomas C. Burns, Executive Director

BOONE COUNTY COMMISSION

By: **J. M. Protan, President**

55-6000298
Federal Employer Identification Number

SMALL CITIES PROGRA SECTION 1 PROJECT SUMMARY	1. Original x Amendment # _____ Date: 6-19-97	.. Applicant Boone County Commission
3. F.E.I.N. of Applicant 55-6000298	4. Address of Applicant Courthouse Annex 206 Court St. Madison, WV 25130	5. Name/Address of Contact Person John Romano Phone: 345-8191 c/o RIC 511 Central Ave. Charleston, WV 25302
6. Project Name: Boone Co. Water Extension	7. County Boone	8. Region III
9. Funding		

TYPE	AMOUNT	SOURCE(S)/PROGRAM(S)
Small Cities Block Grant	$1,250,000	
Other State		
Other Federal Grant ARC	$1,000,000	Appalachian Regional Commission
Other Federal Loan LOCAL		
Local		
Other WV-AMC	$441,350	WV-American Water Company
Other Danville PSD	$382,500	WVIJDC Loan to Danville PSD
Other		
Program Income SCBG		
TOTAL	$3,073,850	

10. Project Scope: Description of Project.

The water extensions included in this application--Greenview/Big Branch; Hewett Creek/Missouri Fork; Jeffrey/Secoal/Obes Branch--are a part of the $27.7 million Kanawha Valley Treatment Plant Regionalization. This cooperative effort by the Boone County Commission, the WV-American Water Company, and the Boone County PSD will provide water service to about 85% of the residents of Boone County (see attachments).

1,130 **Total Number of Persons to be Served** 718 **Number L.M.I. Persons**

To the best of my knowledge and belief, data in this proposal is true and correct, the submission thereof has been duly authorized by the governing body after appropriate citizen participation, and the applicant will comply with the attached assurances and certifications if assistance is provided.

Typed Name: J. M. "Mickey" Protan **Signature:** J. M. Mickey Protan

Title: President **Date:** June 19, 1997

6. Activity Name: **Water Extensions in Southwestern Boone County**

COST CATEGORY	SCBG	OTHER	SOURCE OTHER	AVAILABLE	TOTAL
ADMINISTRATION		57,400	WVAWC	Yes	57,400
ARCH/ENGINEER		308,950	WVAWC	Yes	308,950
LAND ACQUISITION		75,000	WVAWC	Yes	75,000
RELOCATION					
DEMO/CLEARANCE					
CONSTRUCTION	1,250,000	1,382,500	ARC/WVIJDC	SEE BELOW	2,632,500
HOUSING					
PLANNING ONLY					
LMI ASSESSMENTS					
OTHER					
TOTAL	$1,250,000	$1,823,850			$3,073,850

Attach cost estimates and documentation regarding "other" funds status.

If other funds are not currently available for expenditure, list the milestones to be achieved to obtain the other funds and estimated dates when the milestones will be achieved.

Milestone		Estimated Date
ARC - Application to be resubmitted 7/15/97	($1,000,000)	October, 1997
WVAWC - Funds committed;	($441,350)	October, 1997
WVIJDC - Application submitted 11/18/96	($382,500)	October, 1997
HUD-SCBG - Application submitted 6/19/97	($1,250,000)	October, 1997

TOTAL COST: $3,073,850

Question 1

Is the current SCBG application contingent upon the phasing or funding of the other major elements in the water supply system?

Reply 1

The Boone County Regional Water Supply Plan total project estimated cost is $27,700,000. WVAWC has committed $15,969,500 with the remaining $11,730,500 to be financed with public funds. This will include, but is not limited to, HUD-Small Cities Block Grant of $1,250,000; Abandoned Mine Land Grant of $1,350,000; a Job Development Loan of $7,130,000; a Job Development Grant of $1,000,000; and an Appalachian Regional Commission Grant of $1,000,000.

The current HUD-SCBG application proposes that the $1,250,000 grant be designated on the Greenview/Big Branch; Jeffrey/Secoal/Obes Branch; and Hewett Creek/Missouri Fork Extensions. These extensions are located between WVAWC distribution system at Madison and the Spruce Fork Public Service District distribution system at Clothier. This connection will have to be funded and constructed simultaneously or prior to these extensions along with the Ramage/Six Mile and Meadow Fork/Dent Fork/Mikes Fork/Abshire Branch extensions.

The connection between WVAWC Facilities at Madison and Spruce Fork PSD is approximately 43,100 feet. The estimated construction cost is $2,385,305. Funding for this segment is proposed for a AML Grant of $1,350,000 and an Infrastructure Loan of $1,035,305. This segment will provide service to 120 new customers along with the 188 existing customers at Spruce Fork PSD.

The Greenview/Big Branch Extension will consist of approximately 15,750 feet of pipe and will have an estimated construction cost of $708,750. Funding for this segment is proposed for an Infrastructure Loan of $382,500 and a HUD-SCBG of $326,250. This segment will provide service to 140 new customers.

The Jeffrey/Secoal/Obes Branch Extension will consist of approximately 10,750 feet of pipe and will have an estimated construction cost of $483,750. Funding for this segment is proposed for a HUD-SCBG of $483,750. This segment will provide service to 250 new customers.

The Hewett Creek/Missouri Fork Extension will consist of approximately 32,000 feet of pipe and will have an estimated construction cost of $1,440,000. Funding for this segment is proposed for a HUD-SCBG of $440,000 and an ARC Grant of $1,000,000. This segment will provide service to 170 new customers.

The Ramage/Six Mile and Meadow Fork/Dent Fork/Mikes Fork/Abshire Branch Extensions will consist of approximately 43,000 feet of pipe and will have an estimated construction cost of $1,935,000. Funding for this segment is proposed through an Infrastructure Loan of $1,935,000. These segments will provide service to 280 new customers. These two (2) extensions would not have to be funded nor constructed to have the HUD-SCGB segments constructed.

To have the areas constructed that includes financing through the HUD-SCBG funds, the Danville Public Service District will have to secure a AML Grant of $1,350,000; an ARC Grant of $1,000,000; an Infrastructure Loan of $1,599,715 and a HUD-SCBG of $1,250,000.

The AML Grant of $1,350,000 has been secured. We are waiting on commitments on the other funds.

Enclosed is a WV Infrastructure and Jobs Development Council eligibility of funds letter. The Council's final decision is pending on the Project's readiness to proceed and the availability of funds in the Infrastructure Fund.

WVAWC is currently soliciting for construction bids on our segments of the project and anticipate that construction will begin by the first of October. Construction plans and specifications are complete on the entire project. Pending the commitment of public funds, they to will begin advertising for construction bids.

Currently, no funds are available in the Infrastructure Fund. They are anticipating another Bond issuance of +50 million during the first quarter of 1998.

SECTION 4

Assurances

Community Development Block Grant
Small Cities Program

The applicant hereby assures and certifies that:

A. It possesses legal authority to apply for the grant and to execute the propose program.

B. Its governing body has duly adopted or passed as an official act a resolution, motion, or similar action authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.

C. Prior to submission of its application to the state, the applicant has met the citizen participation requirements of the Act.

D. It will not attempt to recover any capital costs of public improvements assisted in whole or in part with the Title I funds by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless: (a) Title I funds are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than Title I funds; or (b) for purposes of assessing any amount against properties owned and occupied by persons of low- and moderate-income who are not persons of very low income, it certifies to the state that it lacks sufficient Title I funds to comply with the requirements of clause (a).

E. It is following a written and detailed citizen plan which :

1. provides for and encourages citizen participation, with particular emphasis on participation by persons of low- and moderate-income who are residents of slum and blight areas and of areas in which funds are proposed to be used and provides for participation of residents in low- and moderate-income neighborhoods as defined by the local jurisdiction;

2. provides citizens with reasonable and timely access to local meeting, information, and records relating to the grantee's proposed use of funds, as required by regulations of the Secretary of the U.S. Department of Housing and Urban Development and relating to the actual use of funds under this title;

3. provides for technical assistance to groups representative of persons of low- and moderate-income that request such assistance in developing proposals with the level and type of assistance to be determined by the grantee;

4. provides for public hearings to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at least the development needs, the review of proposed activities, and review of program performance, the hearings which shall be held after adequate notice, at times and location convenient to potential or actual beneficiaries, and with accommodation for the handicapped.

5. provides for a timely written answer to written complaints and grievances within 15 working days where practicable; and

6. identifies how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.

F. The applicant further certifies that it has, prior to submitting its Final Statement to the state:

1. furnished citizens with information concerning the amount of funds available for proposed community development and housing activities and the range of activities that may be undertaken, including the estimated amount proposed to be used for activities that will benefit persons of low- and moderate-income and plans for minimizing displacement of persons as a result of activities assisted with such funds and to assist persons actually displaced as a result of activities;

2. developed a community development plan for the grant period that identifies community development and housing needs and specifies both short- and long-term community development objectives that have been developed in accordance with the primary objectives and requirements of the Act and, if the activities selected serve beneficiaries that are not residents of its jurisdiction, has determined that the activities selected are meeting its needs in accordance with section 106(d)(2)(D) of the Act;

3. published a proposed statement in such manner and in sufficient detail to afford affected citizens an opportunity to examine its content and to submit comments on the proposed statement and on the community development performance of the applicant;

4. provided adequate notice of public hearings;

5. held one or more public hearings to obtain the views of citizens on community development and housing needs;

6. considered all comments and views prior to completing the Final Statement; and

7. made the Final Statement available to the public.

G. Its chief executive officer or other officer:

1. Consents to assume the status of a responsible federal official under the National Environmental Policy Act of 1969; and

2. Authorizes and consents on behalf of the applicant and himself/herself to accept the jurisdiction of the federal courts for the purpose of enforcement of his responsibilities as such an official.

H. The Community Development Program has been developed so as to give maximum feasible priority to activities which will benefit low- and moderate-income families; meet other community development needs having particular urgency because an existing condition poses a serious and immediate threat to the health and welfare of the community, and other financial resources are not available to meet such needs; or aid in the prevention or elimination of blighted or deteriorated areas.

I. It will comply with the regulations, policies, guidelines, and requirements of the state as they relate to the application, and acceptance and use of funds to include Subpart I of 24 CFR 570 and supplemental parts of 24 CFR Part 570 as specifically made applicable by the state to the extent expressly referred to.

J. It will administer and enforce the labor standards requirement set forth in 24 CFR 570.603 and HUD regulations issued to implement such requirements.

K. It will comply with all requirements by the state and/or federal government concerning special requirements of law, program requirements, and other administrative requirements.

L. It will comply with the provisions of Executive Order 11988 relating to evaluation of flood hazard and Executive Order 11990 relating to the prevention, control, and abatement of water pollution.

M. Its notification, inspection, testing, and abatement procedures concerning lead-based paint will comply with 24 CFR 570.487 and procedures adopted by the state.

N. It will require every building or facility (other than a privately owned residential structure) designed, constructed, or altered with funds provided under this part, to comply with the :American Standard Specifications for Making Buildings and Facilities Accessible to, and Usable by, the Physically Handicapped," Number A-117.1-R 1971, subject to the exceptions contained in 41 CFR 101-19.604. The applicant will be responsible for conducting inspections to ensure compliance with these specifications by the contractor.

O. It will comply with:

1. Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352) and the regulations issued pursuant thereto (24 CFR Part 601) which provides that no persons in the United States shall, on the grounds of race, color, or national origin, be excluded from participation I, be denied the benefit of, or be otherwise subjected to discrimination under any program or activity for which the applicant received federal financial assistance, and will immediately take any measures necessary to effectuate this assistance. If any real property or structure thereon is provided or improved with the aid of federal financial assistance extended to the applicant, this assurance shall obligate the applicant or, in the case of any transfer of such property, any transfer, for the period during which the real property or structure is used for a purpose for

which the federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits.

2. Title VIII of the Civil Rights Act of 1968 (Pub. L. 90-284), as amended, administering all programs and activities relating to housing and community development in a manner to affirmatively further fair housing; and will take action to affirmatively further fair housing in the sale or rental of housing, the financing of housing, and the provision of brokerage services.

3. Section 109 of the Housing and Community Development Act of 1974, and the regulations issued pursuant thereto (24 CFR Part 570.602), which provides that no persons in the United States shall, on the grounds of race, color, national origin, or sex, be subjected to discrimination under any program or activity funding in whole or in part with funds provided including, discrimination on the basis of age under the Age Discrimination Act of 1975, or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973 and the regulations issued pursuant thereto (24 CFR Part 8).

4. Executive Order 11063 on equal opportunity in housing and nondiscrimination in the sale or rental of housing built with federal assistance.

5. Executive Order 11246, and the regulations issued pursuant thereto (24 CFR Part 130 and 41 CFR Chapter 60), which provides that no persons shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of federal or federally assisted construction contracts. Contractors and subcontractors on federal and federally assisted construction contracts shall take affirmative action to ensure fair treatment in employment upgrading, demotion, or transfer; recruitment, or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training and apprenticeship.

P. It will comply with Section 3 of the Housing and Urban Development Act of 1968, as amended, requiring that, to the greatest extent feasible, opportunities for training and employment be given to lower-income residents of the project area and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by persons residing in, the area of the project.

Q. Will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and Federal Implementing regulation at 49 CFR 24, and the requirements of section 570.488, and is following a residential anti-displacement and relocation assistance plan under section 104(d) of the Act, and will minimize displacement of persons as a result of activities assisted with CDBG funds.

R. It will establish safeguards to prohibit employees from using positions for a purpose that is, or gives the appearance of being, motivated by a desire for a private gain for themselves or others, particularly those with whom they have family, business, or other ties as required by State Law and 24 CFR 570.489(h).

S. It will comply with the provisions of the Hatch Act which limits the political activity of employees.

T. It will give the State of West Virginia, HUD, and the General Accounting Office, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the grant.

U. It will ensure that the facilities under its ownership, lease or supervision which shall be utilized in the accomplishment of the program are not listed on the Environmental Protection Agency's (EPA) List of Violating Facilities, and it will notify the state of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be used in the project under consideration for listing y the EPA.

V. It will comply with the flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973, P. L. 93-234, 87 Stat. 875, approved December 31, 1973. Section 103(a) required on and after March 2, 1974, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any federal assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards. The phrase "federal financial assistance" includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any form of direct or indirect federal assistance.

W. It will, in connection with its performance of environmental assessments underthe National Environmental Policy Act of 1969, comply with Section 106 of the National Historic Preservation Act of 1968 (16 U.S.C. 470), Executive Order 11593, and the Preservation of Archaeological and Historical Data Act of 1966 (16 U.S.C. 468a-11 et. seq.) by:

1. Consulting with the State Historic Preservation Officer to identify properties listed in or eligible for inclusion in the National Register of Historic Places that are subject to adverse effects (see 26 CFR Part 800.8) by the proposed activity, and

2. Complying with all requirements established by HUD to avoid or mitigate adverse effects upon such properties.

X. It will provide and maintain competent and adequate architectural engineering supervision and inspection at all construction sites to ensure that the complete work conforms with the approved plans and specifications and that all contract provisions have been compied with.

Y. It will not use funds directly or indirectly to employ, award contracts to, or otherwise engage the services of a debarred, suspended, or ineligible contractor or subrecipient.

Z. It will assume responsibility to ensure that all program funds are accounted for consistent with program objectives and all federal, state, and local laws and regulations.

A.A. It will cause the project to be audited in accordance with OMB Circular A-128, and will promptly refund to the state any funds received that are not supported by audit.

BB. It certifies, to the best of its knowledge and belief, that:

(1) No federally appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any persons for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than federally appropriated fundshave been paid or will be paid to any persons for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit standard Form-LL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawatds at all tiers (including subcontractors, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any persons who fails to file the required certification shall be subject to civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

CC. Ir has adopted and is enforcing a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individual engaged in nonviolent civil rights demonstrations; and is enforcing applicable state and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction.

J. M. "Mickey" Protan

Name

June 19, 1997

Date

Chief Elected Official

10/15/96

Kanawha Valley Treatment Plant Regionalization

	Description	Costs	Funding	Customers
	Kanawha County			
Segment 1	29,441' of 20" main from Marmet to Lens Creek	1,913,665	WVAWC	N/A
	10,800' of 16" main from lens Creek past Short Creek Tank	648,000	WVAWC	N/A
	Lens Creek Booster Station	800,000	WVAWC	N/A
	Controls	266,000	WVAWC	N/A
	Construction cost	$3,627,665	WVAWC	N/A
	Administration, legal, engineering, lands, rights of way	$441,760	WVAWC	N/A
	Total segment in Kanawha County	4,069,425	WVAWC	N/A
	Boone County			
Segment 2	300,000 gallon tank - Lens Creek	350,000	WVAWC	N/A
	310,000 gallon tank - Drawdy Mtn.	350,000	WVAWC	N/A
	Controls	128,200	WVAWC	N/A
	44,160' of 16" main to Drawdy Mtn.	2,649,600	WVAWC	2,348
	520' of 8" PVC line	13,000	WVAWC	N/A
	250' of 12" PVC line	10,000	WVAWC	N/A
	Drawdy Mountain booster station	350,000	WVAWC	N/A
	5,500' extension to serve White Oak (Material only)	93,000	WVAWC	31
	New meter settings	260,000	WVAWC	N/A
	Subtotal	4,203,800	WVAWC	2,379
Segment 3	24,510' of 12" main through Danville and Madison	980,400	WVAWC	2,058
	550' of 8" PVC line	13,750	WVAWC	N/A
	Controls	276,000	WVAWC	N/A
	New meter settings	782,600	WVAWC	N/A
	Subtotal	2,052,750	WVAWC	2,058

Kanawha Valley Treatment Plant Regionalization				
	Description	Costs	Funding	Customers
Segment 4	210,000 gallon Clinton tank	262,500	WVAWC	N/A
	Van Booster Station	80,000	WVAWC	N/A
	Bim Booster Renovation	60,000	WVAWC	N/A
	Controls	88,000	WVAWC	N/A
	New meter settings	280,800	WVAWC	N/A
	Subtotal	771,300	WVAWC	N/A
	Construction cost in Boone County Segments, 2, 3 and 4	7,027,850	WVAWC	4,437
	Segments 2, 3, and 4 Administration, legal, engineering, lands, rights of way	1,812,120	WVAWC	N/A
	Dartmont/Emmons extension Administration, Legal, Engineering, Lands, Rights-of-Way	163,855	WVAWC	N/A
	Camp Creek extension Administration, Legal, Engineering, Lands, Rights-of-Way	220,390	WVAWC	N/A
	Spruce Fork Supply extension Administration, Legal, Engineering, Lands, Rights-of-Way	399,760	WVAWC	N/A
	Greenview/Big Branch extension Administration, Legal, Engineering, Lands, Rights-of-Way	115,100	WVAWC	N/A
	James Branch and Greenwood extension Administration, Legal, Engineering, Lands, Rights-of-Way	102,300	WVAWC	N/A
	Meadow Fork/Dent Fork/Mikes Fork/Aleshire Branch extension Administration, Legal, Engineering, Lands, Rights-of-Way	131,500	WVAWC	N/A
	Jeffrey/Secoal/Obes Branch extension Administration, Legal, Engineering, Lands, Rights-of-Way	S1,650	WVAWC	N/A
	Hewett Creek/Missouri Fork extension Administration, Legal, Engineering, Lands, Rights-of-Way	244,600	WVAWC	N/A
	Ramage/Six Mile extension Administration, Legal, Engineering, Lands, Rights-of-Way	185,550	WVAWC	N/A

Kanawha Valley Treatment Plant Regionalization				
	Description	Costs	Funding	Customers
	Subtotal			
	Administration, Legal, Engineering, Lands, Rights-of-Way	3,462,825	WVAWC	N/A
	Boone County debt	1,093,700	WVAWC	N/A
	Van debt	315,700	WVAWC	N/A
	Total Segments in Boone County	$11,900,075	WVAWC	4,437
	Danville Public Service District			
Segment 5	23,901' of 8" DIP - Dartmont/Emmons extension	1,075,545	Infrast. Loan	59
	30,158' of 8" DIP - Camp Creek extension	1,357,110	IJDG - 1,000,000 Infrast. Loan - 357,110	244
	23,475' of 8" DIP - Supply Spruce Fork extension	1,056,375	AML Grant	120
	19,623' of 12" DIP	1,079,265	AML Grant - 293,625 Infrast. Loan - 785,640	188
	200,000 gallon tank - Greenview	214,000	Infrast. Loan	N/A
	Controls	35,665	Infrast. Loan	N/A
	Subtotal	2,385,305	AML Grant - 1,350,000 Infrast. Loan - 1,041,305	308
	15,750' of 8" DIP - Greenview/Big Branch extension	708,750	Infrast. Loan - 382,500 HUD - 326,250	140
	14,000' of 8" DIP - James Branch and Greenwood extension	630,000	Infrast. Loan	157
	18,000' of 8" DIP - Meadow Fork/Dent Fork/Mikes Fork/Aleshire Branch extension	810,000	Infrast. Loan	100

Kanawha Valley Treatment Plant Regionalization

Description	Costs	Funding	Customers
10,750' of 8" DIP - Jeffrey/Secoal/Obes Branch extension	483,750	HUD	250
32,000' of 8" DIP - Hewett Creek/Missouri Fork extension	1,440,000	HUD - 440,000 ARC - 1,000,000	170
25,000' of 8" DIP - Ramage/Six Mile extension	1,125,000	Infrast. Loan	180
Peytona extension	251,250	Infrast. Loan	591
48,793' of 8" DIP main from Madison to Van and from Barrett to Clinton	1,463,790	Infrast. Loan	1,375
Subtotal of Estimated Construction Cost by Danville Public Service District	11,730,500	DPSD	3,574
Total Estimated Project Cost	27,700,000	WVAWC/DPSD	8,011

Project Funding Summary

Infrastructure Loan	$ 7,130,500
Infrastructure Grant	1,000,000
AML Grant	1,350,000
ARC Grant	1,000,000
HUD Grant	1,250,000
WVAWC	15,969,500
	$27,700,000

At a REGULAR session of the County Commission of Boone County, West Virginia, held at the Courthouse thereof on the 5th day of October, 1998, the following ORDER was made and entered:

SUBJECT: BOONE COUNTY REGIONAL WATER SUPPLY PLAN
APPALACHIAN REGIONAL COMMISSION GRANT
ACCEPTANCE OF GRANT (WV-12956-I-214) and
EXECUTION OF ARC CONTRACT

The following motion was offered by Commissioner Gene Kuhn:

That the Boone County Commission hereby accept the Appalachian Regional Commission (ARC) Grant No. WV-12956-I-214 in the amount of $1,000,000 for construction of a portion of the costs of the waterline extension to the Hewett Creek/Missouri Fork area of Boone County. Further, that said County Commission enter into the ARC Contract between WV Development Office and the Boone County Commission for same, authorizing the President of said County Commission to sign said Contract on its behalf (a copy of which is attached herewith).

The adoption of the foregoing motion, having been made by Gene Kuhn, Commissioner, and duly seconded by Gordon Eversole, Commissioner, the vote thereon was as follows:

J. M. "Mickey" Protan, President ..... AYE

Gordon Eversole, Commissioner ..... AYE

Gene Kuhn, Commissioner ..... AYE

Whereupon, J. M. "Mickey" Protan, President, declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

J. M. "Mickey" Protan, President

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

CECIL H. UNDERWOOD
GOVERNOR

December 30, 1997

The Honorable J. M. "Mickey" Protan
President
Boone County Commission
200 State Street
Madison, West Virginia 25130

Dear Commissioner Protan:

I am pleased to inform you that I have reviewed the Hewett Creek/Missouri Fork Water Project application in the amount of $1,000,000 for Appalachian Regional Commission (ARC) assistance, and I am approving the project for the Commission's review.

The Hewett Creek/Missouri Fork Water Project will extend 3.3 miles of water line along Hewett Creek (County Route 9) and 2.6 miles of water line along Missouri Fork to serve 170 families in Boone County.

I must advise you that we have forwarded more projects for review than there are funds available. This ensures back-up projects in the event some cannot be funded for technical reasons. It also puts us in a position to obtain funds that may be unused by other states at the close of Fiscal Year 1998. Therefore, you must not proceed with this project until you have been officially notified that it has been approved by the Commission.

I am pleased to work with you to make this improvement a reality for the citizens of Boone County.

Very sincerely,

Cecil H. Underwood

CHU:cc

cc: Region III

MEMORANDUM OF UNDERSTANDING

between

WEST VIRGINIA DIVISION
OF ENVIRONMENTAL PROTECTION

and

BOONE COUNTY PUBLIC SERVICE DISTRICT
BOONE COUNTY, WEST VIRGINIA

WHEREAS the West Virginia Division of Environmental (WVDEP) is charged with the reclamation of lands and water affected by the adverse affects of coal mining activities which took place prior to August 3, 1977, pursuant to Title IV or Public Law 95-87, as amended, and West Virginia Code §§ 22-2-1 to 9 (1994); and

WHEREAS it has been determined that the degradation of the water supply in the area along Spruce Fork between the communities of Washington Heights and Clothier in Boone County, West Virginia has been caused in part by coal mining activities which took place prior to August 3, 1977; and

WHEREAS, the Boone County Public Service District (BCPSD) and WVDEP are desirous of abating said effects by constructing certain water supply line extension facilities; and

WHEREAS WVDEP has funds available to assist in the construction and completion of such water supply line facilities; and

WHEREAS WVDEP and BCPSD are willing to cooperate in completing a project entitled "Contract Number 7, Extension from Low Gap to Clothier" of the Boone County Public Service District Regional Water Supply System Project (previously entitled Washington Heights

Waterline Extension), which will bring domestic water service to approximately 425 residences along WV Route 17 in the Jeffrey – Secoal subareas of Powell Creek, Greenview, Ramage, Secoal and Jeffrey as designated on Drawing 98-198-F170;

NOW, THEREFORE, WVDEP and BCPSD enter into this Memorandum of Understanding this

_____26th_____ day of _____April_____, 2000, setting forth the terms and conditions under which such project shall be accomplished, which it is agreed shall be as follows:

SECTION I

PROJECT LOCATION

The project can be located on the United States Geological Survey 7.5 minute topographic maps for the Madison and Clothier quadrangles, and the center of the project is north at Latitude 38°00'00" and west at Longitude 81°47'52" close to the community of Greenview. It includes approximately 425 residences in an area most of which is along WV Route 17 in a southern direction approximately 7.8 miles to Spruce Fork watershed. (See attached map marked as Attachment "A" and by reference incorporated herein.)

SECTION II

NEED FOR THE PROJECT

The primary source of water for domestic use in the residences along the Spruce Fork area is ground water, the quality of which is very poor. Many residents in this area are compelled to buy water and to wash clothes in nearby towns.

The main water pollution problems affecting these residences are red water, sulfur water, water which leaves a white film, hard water, and iron water. Chemical analysis data from a feasibility report conducted by GAI Consultants, indicates that 50% of the water supply samples collected have been impacted by mineralization due to the effects of pre-1977 mining. Approximately 10% of the ground water samples collected had a pH less than 6, approximately 80% were non-compliant with iron, approximately 60% were non-compliant with magnesium, approximately 90% were non-compliant with turbidity, and approximately 45% of readings had specific conductance levels greater than 600 umhos/cm. Other water quality parameters examined by GAI also indicate that the quality of the existing water sources has been adversely affected by mining. Thus, it has been established that the ground water in the Spruce Fork watershed is substandard for drinking and other purposes and that it poses a health hazard for those citizens who must drink it.

A major cause of the degraded water is that historic and intense coal mining activities have occurred within the larger Spruce Fork watershed. The history of mining in the Spruce Fork area began and ended pre-1977, therefore, most of the area has been adversely impacted by unconscientious mining methods which involved little reclamation.

SECTION III

SCOPE OF WORK

1. The work will generally consist of the extension of BCPSD lines from an existing West Virginia-American Water Company "WVAWC" 8" main near Washington Heights. The work will include the construction and installation of approximately 49,766 linear feet of twelve-inch (12") ductile iron waterline; 6,476 linear feet of eight-inch (8") ductile iron waterline;

11,238 linear feet of six-inch (6") ductile iron waterline; and 300 linear feet of four-inch (4") ductile iron waterline with associated appurtenances and fittings.

2. BCPSD shall own the project during and after construction and shall, upon completion of construction of the project, be responsible for operation and maintenance of the project.

SECTION IV

CONSTRUCTION MONITORING

1. It is understood and agreed that contract bidding shall not be commenced and the subsequent Notice to Proceed issued until the WVDEP notifies BCPSD to initiate and pursue those two matters.

2. BCPSD agrees to provide inspection expertise on the project as necessary to maintain sufficient surveillance of the construction operations and BCPSD will be responsible for monitoring quantities, reviewing submitted construction invoices, as well as overseeing the initiation and processing of change orders (if accepted by WVDEP) in accordance with established WVDEP procedures. It is understood that WVDEP shall be contacted in advance of inspections and shall have the opportunity to oversee inspections of construction.

3. The WVDEP, BCPSD and the WVAWC representatives shall work together to ensure that the project is constructed according to the approved design plans and specifications, and in accordance with the cost agreed to by the bidder(s) awarded the Contract. The WVDEP shall have the authority to review and approve minor field changes in the work to the extent that such field changes do not constitute a change in the scope of work. The WVDEP will be furnished for its review and if acceptable its approval, a copy of proposed change orders which

would substantially increase construction costs prior to the BCPSD finalizing such change order (if any).

4. Copies of all Contract Documents, Inspection Reports, Shop Drawings, Plans and Specifications as well as other such construction related documents shall be provided in a timely fashion to WVDEP.

SECTION V

FUNDING

1. WVDEP and BCPSD agree to pay the cost of construction, based upon a total estimated construction cost of $2,965,539.00. The BCPSD shall pay $1,494,303 as its actual contribution toward the total estimated construction costs associated with this project through grants from the Coal Mitigation Fund of $494,303 and the Governor's Office of $1,000,000.00. Therefore, the WVDEP Office of Abandoned Mine Lands and Reclamation will commit $1,471,236 towards the construction of this contract.

2. The BCPSD shall notify WVDEP, and the WVDEP and BCPSD will pay their respective portions of such excess construction costs, if, prior to such excess costs being incurred, the WVDEP approves such excess costs. The WVDEP and BCPSD agree to pay for all actual costs if less than or greater than the estimated construction costs in the percentages as follows: WVDEP Share 50% and BCPSD Share 50%.

3. BCPSD agrees to perform and pay for all the realty and realty rights-of-way work associated with the project in accordance with procedures utilized by the WVDEP, Office of Abandoned Mine Lands and Reclamation.

4. BCPSD agrees to be responsible for design of the project, contract bidding and awarding of the contract for the project. It is understood and agreed that contract bidding shall not be commenced and the subsequent Notice to Proceed issued until the WVDEP notifies BCPSD to initiate and pursue those two matters.

5. BCPSD agrees to, if necessary, pay for and obtain the Certificate of Convenience and Necessity for the project through the Public Service Commission of West Virginia, and all other necessary permits required by law, except those which are required to be obtained by the construction contrator in the project specifications. BCPSD further agrees that all permits, authorizations and other necessary approvals will be obtained to satisfy federal laws and regulations and copies of the same furnished to WVDEP.

SECTION VI

PAYMENTS

BCPSD will pay submitted invoices for WVDEP's portion of project costs. WVDEP will reimburse BCPSD based upon invoices submitted by BCPSD for WVDEP's portion of project costs incurred. WVDEP will reimburse BCPSD for its portion (as per Section V, Paragraph 1 and 2 above) of project invoices after they are paid by BCPSD.

SECTION VII

MAINTENANCE

Responsibility for maintenance of the facilities constructed pursuant to "Contract Number 7, Extension from Low Gap to Clothier" shall pass to BCPSD upon completion of construction of such facilities.

SECTION VIII

EXTENSION AND TERMINATION

This MOU is entered into and is effective for the period beginning at the date of this MOU, April 26, 2000 and ending July 26, 2001. This MOU may be extended upon prior written approval of both parties, or may be terminated prior to commencement of construction by either party, upon thirty (30) days prior written notice to the other party.

This project may be subject to the approval of the Public Service Commission of West Virginia.

WITNESS the following signature:

Charles D. Stover, Deputy Chief
West Virginia Division of Environmental Protection
Office Abandoned Mine Lands and Reclamation

Boone County Public Service District
By: Lyle Roy
Its: Chairman

Office Abandoned Mine Lands & Reclamation
10 McJunkin Road
Nitro, WV 25143-2506
304-759-0521
304-759-0527 Fax

West Virginia Division of Environmental Protection

Cecil H. Underwood
Governor

Michael C. Castle
Director

March 29, 2000

Mr. Lyle Roy, Chairman
Boone County Public Service District
P. O. Box 143
Danville, WV 25053

RE: Washington Heights to Jeffrey
Waterline Extension

Dear Mr. Roy:

The West Virginia Division of Environmental Protection's Office of Abandoned Mine Lands and Reclamation had previously committed to a fifty percent participation in construction of the above referenced project that according to our estimates was $1,350,000. Upon completing an evaluation of the bid documents and the bid results by our consultant (GAI Consultants, Inc.) we are changing our commitment for this project to $1,471,236 (see attached engineers cost estimate dated March 27, 2000). This process was a result of an "Application for Assistance" originally filed by the Boone County Commission and later transferred to Danville Public Service District by letter from the Commission datad April 21, 1997.

The primary focus of this project is to provide clean and safe drinking water to residents whose water quality and quantity has been impacted from pre-1977 mining.

If you need additional information, contact Mr. Danny Bess or myself in our Nitro office at 304-759-0521.

Sincerely,

Charles D. Stover, Deputy Chief
Office Abandoned Mine Lands & Reclamation

CDS/sbh

cc: Danny Bess
Terry Martin
Terry Smith, WVAWC
File

GAI CONSULTANTS

GAI Consultants

315 70th Street, S.E.
Charleston, WV 25304-2997
Phone: 304/926-8100
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March 27, 2000

Project 96-554-20

Mr. Danny Bess
West Virginia Division of
Environmental Protection
Office of Abandoned Mine
Lands and Reclamation
10 McJunkin Road
Nitro, WV 25143-2506

Amended Engineer's Cost Estimate
Washington Heights Waterline Extension
Boone County, West Virginia

Dear Mr. Bess:

GAI Consultants, Inc. (GAI) herein submits an amended engineer's cost estimate of West Virginia-American Water Company's (WVAWC) plans and specifications for the Washington Heights waterline extension. The changes are based on the meeting on March 27, 2000 as attended by GAI, AMLR, and WVAWC.

As a consequence of the March 27, 2000 meeting, Figure 1 has been adjusted to include 12" Ductile Iron Pipe (DIP) at the north end of Contract 7. As stated in the March 9, 2000 report GAI estimated the total AMLR projected funding for this project at $1,422,861 (50% of total cost within AML extents). With the additional pipe added to the AMLR area of responsibility, the projected funding for this project at $1,471,236 (an increase of $48,375). The quantity breakdown from the WVAWC Contract 7 Plans is as follows:

Sheet 3:	1 bore and jack and 330 feet of 12" DIP were added back into the AMLR quantity;
Sheet 4:	1 bore and jack and 1,250 feet of 12" DIP were added back into the AMLR quantity; and
Sheet 5:	1,270 feet of 12" DIP were added back into the AMLR quantity (note that 3,270 feet of DIP should have been subtracted initially, but was entered incorrectly in the prior calculation).

Please find the attached updated Figure 1 detailing the aforementioned revisions. GAI will make the necessary revisions to the draft report and send you a final version as soon as possible. Should you have any questions, please do not hesitate to call.

Sincerely,
GAI Consultants, Inc.

Don Robin, E.I.
Engineer

Michael Fioravante, P.E.
Branch Manager

DFR:MAF/cam

Attachments

March 27, 2000
Project 98-554-20

REVISED ENGINEER'S COST ESTIMATE
WASHINGTON HEIGHTS TO JEFFREY STUDY AREA

ITEM	QUANTITY WVAWC	QUANTITY AML Extents	UNIT	UNIT PRICE	TOTAL COST WVAWC	TOTAL COST AML Extents
A/V Taping	1	1	LS	$7,500	$7,500	$7,500
12" DIP, Push On	49,300	31,040	LF	$31	$1,528,300	$962,240
12" DIP, Restrained	36	36	LF	$55	$1,980	$1,980
12" DIP, Ball & Socket	430	280	LF	$210	$90,300	$58,800
8" DIP, Push On	5,800	17,680	LF	$26	$145,800	$459,180
8" DIP, Restrained	276	276	LF	$40	$11,040	$11,040
8" DIP, Ball & Socket	600	500	LF	$190	$114,000	$95,000
6" DIP, Push On	10,750	12,500	LF	$24	$258,000	$301,920
6" DIP, Restrained	288	288	LF	$36	$10,944	$10,944
6" DIP, Ball & Socket	200	270	LF	$180	$36,000	$48,600
4" DIP, Push On	300	300	LF	$22	$6,600	$6,600
12" Gate Valve	50	48	EA	$1,100	$55,000	$52,800
8" Gate Valve	22	30	EA	$716	$15,620	$21,300
6" Gate Valve	33	22	EA	$525	$17,325	$11,550
4" Gate Valve	2	2	EA	$410	$820	$820
Fire Hydrant Tee and Valve	30	17	EA	$900	$27,000	$15,300
Fire Hydrant Assembly	20	17	EA	$1,250	$25,000	$21,250
Connection to Existing Main	2	1	EA	$3,000	$6,000	$3,000
Concrete Thrust Block, 12" Pipe	60	60	EA	$300	$18,000	$18,000
Concrete Thrust Block, 8" Pipe	8	8	EA	$250	$2,000	$2,000
Concrete Thrust Block, 6" Pipe	15	13	EA	$200	$3,000	$2,600
Concrete Thrust Block, 2" Pipe	4	4	EA	$150	$600	$600
24" Steel Casing, Bore & Jack	190	110	LF	$140	$26,600	$15,400
24" RR Steel Casing, Bore & Jack	170	170	LF	$210	$35,700	$35,700
18" Steel Casing, Bore & Jack	310	310	LF	$135	$41,850	$41,850
18" RR Steel Casing, Bore & Jack	100	100	LF	$200	$20,000	$20,000
DOH Type 'D' Trench, Stone	47,000	47,000	LF	$2	$94,000	$94,000
Driveway Trench, Concrete	400	400	LF	$40	$16,000	$16,000
Driveway Trench, Asphalt	400	400	LF	$28	$11,200	$11,200
Driveway Trench, Stone	2,000	2,000	LF	$6	$12,000	$12,000
3" Blow-off Assembly	8	4	EA	$800	$6,400	$3,200
¾" Service Setting w/ Pressure Regulator	270	270	EA	$400	$108,000	$108,000
¾" Service Line	5,400	5,400	LF	$11	$59,400	$59,400
¾" Service Line, Road Crossing	2,500	2,500	LF	$12	$30,000	$30,000
Test Station	6	6	EA	$350	$2,100	$1,750
					$2,859,279	$2,561,504
				AML to contribute 50% of Total Cost within AML Extents =		$1,280,752

ALTERNATE 7B

ITEM	QUANTITY WVAWC	QUANTITY AML Extents	UNIT	UNIT PRICE	TOTAL COST WVAWC	TOTAL COST AML Extents
A/V Taping	1	1	LS	$500	$500	$500
6" DIP, Push On	48	48	LF	$26	$1,248	$1,248
6" DIP, Restrained	48	48	LF	$40	$1,920	$1,920
6" DIP, Ball & Socket	200	200	LF	$180	$36,000	$36,000
6" Gate Valve	4	4	EA	$525	$2,100	$2,100
Concrete Thrust Block, 6" Pipe	4	4	EA	$200	$800	$800
16" Steel Casing, Bore & Jack	30	30	LF	$135	$4,050	$4,050
Test Station	1	1	EA	$350	$350	$350
					$48,968	$46,968
					AML Contribution:	$23,484
	Bid Cost	Downsized				
Contract 9	$448,000	$334,000			AML Contribution:	$167,000
					Total AML Contribution:	$1,471,236
				Increase from Previous ($1,350,000)		$121,236
				Decrease from Request ($1,705,770):		$234,534

FORM CD-450
(REV. 10-93)
DAO 203-26

U.S. DEPARTMENT OF COMMERCE

FINANCIAL ASSISTANCE AWARD

☒ GRANT ☐ COOPERATIVE AGREEMENT

ACCOUNTING CODE

RECIPIENT NAME **Boone County Commission**

AWARD NUMBER
01-01-03747

STREET ADDRESS **206 Court Street, Courthouse Annex**

FEDERAL SHARE OF COST
$ **960,000**

CITY, STATE, ZIP CODE **Madison, West Virginia 25130**

RECIPIENT SHARE OF COST
$ **1,262,304**

AWARD PERIOD
September 15, 1998 to March 15, 2001

TOTAL ESTIMATED COST
$ **2,222,304**

DEPARTMENT OF COMMERCE OPERATING UNIT
Economic Development Administration

AUTHORITY
(42 U.S.C. 3121 et seq.) Public Works and Economic Development Act of 1965, as amended.

PROJECT TITLE **A Public Works Program project consisting of the installation of approximately six miles of eight inch waterlines, and all related appurtenances, along the right-of-way of Route Six in Boone County, West Virginia, in order to provide public water service required for future economic development and business inception and growth.**

This Award approved by the Grants Officer is issued in duplicate and constitutes an obligation of Federal funding. By signing the two documents, the Recipient agrees to comply with the Award provisions checked below and attached. Upon acceptance by the Recipient, one signed Award document shall be returned to the Grants Officer and the second document shall be retained by the Recipient. If not signed and returned by the Recipient within 15 days of receipt, the Grants Officer may declare this Award null and void.

- ☒ Economic Development Administration Standard Terms and Conditions Title I Public Works and Development Facilities and Title IX Implementation Grant Construction Components, June 1997
- ☒ Special Award Conditions
- ☒ Line Item Budget
- ☐ OMB Circular A-21, Cost Principles for Educational Institutions
- ☒ OMB Circular A-87, Cost Principles for State and Local Governments
- ☐ OMB Circular A-110, Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations Uniform Administrative Requirements
- ☐ OMB Circular A-122, Cost Principles for Nonprofit Organizations
- ☒ 15 CFR Part 24, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments
- ☒ OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations

SIGNATURE OF DEPARTMENT OF COMMERCE GRANTS OFFICER	TITLE	DATE
Kenneth D. Jefferis Kenneth D. Jefferis	**Acting Regional Director**	9/21/98
TYPED NAME AND SIGNATURE OF AUTHORIZED RECIPIENT OFFICIAL	TITLE	DATE
J. M. "Mickey" Protan	**President** J. M. "Mickey" Protan	10/5/98

At a REGULAR session of the County Commission of Boone County, West Virginia, held at the Courthouse thereof on the 5th day of October, 1998, the following ORDER was made and entered:

SUBJECT: BOONE COUNTY REGIONAL WATER SUPPLY PLAN
ECONOMIC DEVELOPMENT ADMINISTRATION GRANT (EDA)
ACCEPTANCE OF GRANT (NO. 01-01-03747) and
EXECUTION OF EDA CONTRACT

The following motion was offered by Commissioner Gordon Eversole:

That the Boone County Commission hereby accept the Economic Development Administration (EDA) Grant (Award No. 01-01-03747) in the amount of $960,000 for construction of waterlines along Route 6 (Camp Creek) in Boone County as part of the Regional Water Supply Plan. Further, that said County Commission enter into, and authorize its President, J. M. "Mickey" Protan to sign on its behalf, the EDA Financial Assistance Award document for said Grant (a copy of which is attached herewith).

The adoption of the foregoing motion, having been made by Gordon Eversole, Commissioner, and duly seconded by Gene Kuhn, Commissioner, the vote thereon was as follows:

J. M. "Mickey" Protan, President ..... AYE

Gordon Eversole, Commissioner ..... AYE

Gene Kuhn, Commissioner ..... AYE

Whereupon, J. M. "Mickey" Protan, President, declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

J. M. "Mickey" Protan, President

Gordon Eversole, Commissioner

Gene Kuhn, Commissioner

Office of Administration
10 McJunkin Road
Nitro WV 25143
(304) 759-0505
(304) 759-0531

West Virginia Division of Environmental Protection

Cecil H. Underwood
Governor

Michael P. Miano
Director

April 5, 1999

Ms. Carma Mahon
Boone County Commission
206 Court Street
Madison, West Virginia 25130

Dear Ms. Mahon:

As discussed today, attached are two originals of the Memorandum of Understanding between our agency and your commission. Please have Mr. Kuhn sign both of them and return one to my attention at the address above.

When the Boone County Commission is prepared to accept the $1.2 million, please send an invoice on your original letterhead to my attention for processing.

Should you have any questions, please call me at (304) 759-0505.

Sincerely,

June A. Casto

June A. Casto
Assistant Chief

MEMORANDUM OF UNDERSTANDING
BETWEEN
WV DIVISION OF ENVIRONMENTAL PROTECTION
AND THE
BOONE COUNTY COMMISSION

THIS MEMORANDUM OF UNDERSTANDING is made the 1st day of April, 1999, by and between the WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION, (herein referred to as "WV DEP") and the BOONE COUNTY COMMISSION, (herein referred to as "BCC").

WHEREAS, WV Code Chapter 22-11-4(a)(2) provides for expenditures from fund 3337 for purposes for which the grant, gift, or contribution was made. These mitigation monies were received from coal companies and deposited into this fund for expenditures on environmental projects.

WHEREAS, the BCC is responsible for the installation of a water line to provide service to the Coal River Public Service District (PSD), Danville PSD, Spruce Fork PSD and the Van PSD.

WHEREAS, WV DEP and BCC have entered into this Memorandum of Understanding (MOU) relating to the construction of the water lines in the above mentioned public service districts.

WHEREAS, this MOU sets forth certain responsibilities between the WVDEP and BCC.

NOW THEREFORE, THIS MOU WITNESSETH: That for and in consideration of the mutual promises and convenants hereinafter set forth, the parties hereto agree as follows:

1. The BCC will be responsible for the design, plans and specifications, bidding process, purchase order, awarding and construction supervision of the contracts. The BCC will be responsible for abiding by the State's current purchasing practices.

2. The BCC will provide the WV DEP a complete inspection report of each project within 30 days after completion of each project.

3. The WV DEP will provide $1.2 million for the construction of these projects (Danville PSD, Spruce Fork PSD,Van PSD and Coal River PSD). Upon completion of each project, the BCC will provide the DEP a certification of completion.

4. The BCC must provide an invoice on their original letterhead for the amount of $1.2 million with a copy of this signed MOU to the WV DEP for payment.

5. The BCC agrees that it will expeditiously initiate and complete the project work for which these funds have been earmarked under this MOU.

6. Failure to comply with any part(s) of this MOU will terminate the MOU.

Agreed to by representatives of both parties as undersigned.

Michael P. Miano, Director
WV DEP

Gene Kuhn, President
Boone County Commission

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

CECIL H. UNDERWOOD
GOVERNOR

May 11, 1999

RECEIVED
MAY 14 1 30 PM '99
BOONE COUNTY
COMMISSION

The Honorable Gene Kuhn
President, Boone County Commission
200 State Street
Madison, West Virginia 25130

Dear President Kuhn:

This letter will serve as our commitment to transfer the sum of $1,000,000 to the Boone County Commission before September 1, 1999. These funds will be used for the Boone County Regional Water project.

These funds will be used to cover the shortfall and allow the project to proceed as planned.

Very sincerely,

Cecil H. Underwood

CHU/tcr