CLAYWOOD PARK PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA SRF PROGRAM); AND
SEWER REVENUE BONDS, SERIES 2008 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

DATE OF CLOSING: OCTOBER 27, 2008

BONDS TRANSCRIPT

STEPTOE & JOHNSON PLLC

John C. Stump, Esquire
707 Virginia Street, East
Chase Tower, Seventh Floor
Charleston, WV 25326
(304)353-8196
john.stump@steptoe-johnson.com

Vincent A. Collins, Esquire
1085 Van Voorhis Road
United Center, Suite 400
Morgantown, WV 26505
(304)598-8161
vincent.collins@steptoe-johnson.com

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Bond Resolution
2. Supplemental Resolution
3. Series 2008 A Bond Purchase Agreement
4. Series 2008 B Bond Loan Agreement
5. Public Service Commission Orders
6. Infrastructure and Jobs Development Council Approval
7. Cross-Receipt for Bonds and Bond Proceeds
8. Direction to Authenticate and Deliver Bonds
9. Specimen Series 2008 A Bond
10. Specimen Series 2008 B Bond

OPINIONS OF COUNSEL

11. (A) Approving Opinion on Series 2008 A Bond of Steptoe & Johnson PLLC, Bond Counsel

    (B) Approving Opinion on Series 2008 B Bond of Steptoe & Johnson PLLC, Bond Counsel

12. Opinion of Counsel to Issuer
13. Opinion of Special PSC Counsel to Issuer
14. Title Opinion

CERTIFICATES

15. General Certificate of Issuer and Attorney

16. Certificate of Engineer, with Schedule B Attached

17. Certificate of Certified Public Accountant

18. Certificate as to Use of Proceeds

DOCUMENTS OF THE ISSUER

19. County Commission Orders Creating and Enlarging the Boundaries of the District and Public Service Commission Order relating thereto

20. County Commission Orders Appointing Current Boardmembers

21. Oaths of Office of Current Boardmembers

22. Rules of Procedure

23. Affidavit of Publication of Filing

24. Minutes of Current Year Organizational Meeting

25. Excerpt of Minutes on Adoption of Bond Resolution and Supplemental Resolution

26. (A) Municipal Bond Commission New Issue Report - Series 2008 A
(B) Municipal Bond Commission New Issue Report - Series 2008 B

MISCELLANEOUS DOCUMENTS

27. Acceptance of Appointment as Depository Bank

28. Acceptance of Duties as Registrar

29. Certificate of Registration of Bonds

30. Registrar's Agreement

31. NPDES Permit

32. Infrastructure Fund Grant Agreement

33. Evidence of Insurance

34. DEP Approval of Plans and Specifications

35. Prior Bond Resolutions

36. Consent of Water Development Authority

37. Closing Memorandum

38. Sweep Resolution

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM); AND SEWER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

Table of Contents

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01 Authority for this Resolution
Section 1.02 Findings
Section 1.03 Bond Legislation Constitutes Contract
Section 1.04 Definitions

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01 Authorization of Acquisition and Construction of the Project

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

Section 3.01 Authorization of Bonds
Section 3.02 Terms of Bonds
Section 3.03 Execution of Bonds
Section 3.04 Authentication and Registration
Section 3.05 Negotiability, Transfer and Registration
Section 3.06 Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.07 Bonds not to be Indebtedness of the Issuer
Section 3.08 Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Bonds

Section 3.09	Delivery of Bonds
Section 3.10	Form of Bonds
	FORM OF SERIES 2008 A BOND
	FORM OF SERIES 2008 B BOND
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement
Section 3.12	"Amended Schedule" Filing

ARTICLE IV
[RESERVED]

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank
Section 5.02	Establishment of Funds and Accounts with Commission
Section 5.03	System Revenues; Flow of Funds

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds
Section 6.02	Disbursements From the Bond Construction Trust Fund

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer
Section 7.02	Bonds not to be Indebtedness of the Issuer
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Bonds
Section 7.04	Initial Schedule of Rates and Charges
Section 7.05	Sale of the System
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances
Section 7.07	Parity Bonds
Section 7.08	Books; Records and Audit
Section 7.09	Rates
Section 7.10	Operating Budget and Monthly Financial Report
Section 7.11	Engineering Services and Operating Personnel
Section 7.12	No Competing Franchise
Section 7.13	Enforcement of Collections

Section 7.14	No Free Services
Section 7.15	Insurance and Construction Bonds
Section 7.16	Mandatory Connections
Section 7.17	Completion and Operation of Project; Permits and Orders
Section 7.18	Reserved
Section 7.19	Statutory Mortgage Lien
Section 7.20	Compliance with Loan Agreement and Law
Section 7.21	Securities Laws Compliance
Section 7.22	Contracts; Public Releases

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	Investments
Section 8.02	Certificate as to use of Proceeds; Covenants as to Use of Proceeds

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default
Section 9.02	Remedies
Section 9.03	Appointment of Receiver

ARTICLE X
PAYMENT OF BONDS

Section 10.01	Payment of Bonds

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation
Section 11.02	Bond Legislation Constitutes Contract
Section 11.03	Severability of Invalid Provisions
Section 11.04	Headings, Etc.
Section 11.05	Conflicting Provisions Repealed
Section 11.06	Covenant of Due Procedure, Etc.
Section 11.07	Effective Date
	SIGNATURES
	CERTIFICATION
	EXHIBIT A

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF CLAYWOOD PARK PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $5,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), AND $1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 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 CLAYWOOD PARK 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 22C, Article 2 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. Claywood Park Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Wood County of said State.

B. The Issuer presently owns and operates a public sewerage 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 improvements and extensions to the existing public sewerage system of the Issuer, consisting of expansions of the sewage collection system including construction of gravity sewer main, pressure sewer main, manholes, grinder pumps, and four lift stations and the upgrade of the treatment plant which includes upgrading the SBR basins and aeration system, installing new headworks and UV disinfection system, effluent lift station and belt filter press, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewer facilities of the Issuer, 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"), in connection with the West Virginia Water Pollution Control Revolving Fund and the West Virginia Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of $7,000,000, in two series (collectively, the "Series 2008 Bonds"), being the Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), in the aggregate principal amount of $5,500,000 (the "Series 2008 A Bonds"), and the Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), in the aggregate principal amount of $1,500,000 (the "Series 2008 B Bonds" and collectively with the Series 2008 A Bonds, the "Series 2008 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 2008 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 SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2008 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 2008

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 2008 A Bonds be sold to the Authority pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and its Series 2008 B 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 Infrastructure and Jobs Development Council (the "Council"), both 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 outstanding obligations of the Issuer which will rank on a parity with the Series 2008 Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Sewer Revenue Bonds, Series 1989 A (West Virginia Water Development Authority), dated October 10, 1989, issued in the original aggregate principal amount of $2,801,862 (the "Series 1989 A Bonds"); and (ii) Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated January 4, 2001, issued in the original aggregate principal amount of $1,800,000 (the "Series 2001 Bonds") (hereinafter collectively, the "First Lien Bonds").

There are outstanding obligations of the Issuer which will rank junior and subordinate to the Series 2008 Bonds as to liens, pledge of and security for payment, being the Issuer's Sewer Revenue Bonds, Series 1989 B (West Virginia Water Development Authority), dated October 10, 1989, issued in the original aggregate principal amount of $415,340 (the "Series 1989 B Bonds" and collectively with the First Lien Bonds, the "Prior Bonds").

The Series 2008 Bonds shall be issued on a parity with the First Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2008 Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2008 Bonds on a parity with the First Lien Bonds; and (iii) the written consent of the Holder of the Series 1989 B Bonds to the issuance of the Series 2008 Bonds senior and prior to the Series 1989 B Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolutions.

H. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, if any, on the Series 2008 Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. 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 2008 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the Council and 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 2008 Bonds or such final order will not be subject to appeal or rehearing.

J. 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 2008 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 2008 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 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2008 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 DEP 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 2008 Bonds, the Prior 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.

"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 2008 Bonds for all or a portion of the proceeds of the Series 2008 Bonds from the Authority.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations.

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

"Consulting Engineers" means Cerrone Associates, Inc., Wheeling, West Virginia, or 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 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.

"DEP" means the West Virginia Department of Environmental Protection or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

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

"First Lien Bonds" means the Series 1989 A Bonds and the Series 2001 Bonds.

"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 monies 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.

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

"I/A Future Connection Fund" means the Innovative or Alternative Future Connection Fund established by the Prior Resolution and continued by Section 5.01 hereof.

"I/A Renewal and Replacement Fund" means the Innovative or Alternative Renewal and Replacement Fund established by the Prior Resolution and continued by Section 5.01 hereof.

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

"Loan Agreement" means, collectively, the Bond Purchase Agreement heretofore entered, or to be entered, into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2008 A Bonds from the Issuer by the Authority, and the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2008 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 2008 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2008 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System 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, the SRF Administrative Fee, 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 Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the

value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond cancelled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which monies, 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 2008 Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1989 A Bonds, the Series 1989 B Bonds, and the Series 2001 Bonds.

"Prior Resolutions" means, collectively, the Resolutions authorizing the Prior Bonds.

"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 Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended; and

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund continued by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2008 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 2008 Bonds and the Prior Bonds.

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

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

"Series 1989 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1989 A (West Virginia Water Development Authority), dated October 10, 1989, issued in the original aggregate principal amount of $2,801,862.

"Series 1989 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1989 B (West Virginia Water Development Authority), dated October 10, 1989, issued in the original aggregate principal amount of $418,340.

"Series 2001 Bonds" means the Issuer's Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated January 4, 2001, issued in the original aggregate principal amount of $1,800,000.

"Series 2008 Bonds" means, collectively, the Series 2008 A Bonds and the Series 2008 B Bonds.

"Series 2008 A Bonds" means the Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

"Series 2008 A Bonds Construction Trust Fund" means the Series 2008 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2008 A Bonds Reserve Account" means the Series 2008 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2008 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2008 A Bonds in the current year; provided however, that as debt service increases, the Series 2008 A Bonds Reserve Requirement shall increase to reflect the maximum amount of principal and interest in the then current year.

"Series 2008 A Bonds Sinking Fund" means the Series 2008 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2008 B Bonds" means the Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2008 B Bonds Construction Trust Fund" means the Series 2008 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2008 B Bonds Reserve Account" means the Series 2008 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2008 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2008 B Bonds in the then current or any succeeding year.

"Series 2008 B Bonds Sinking Fund" means the Series 2008 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2008 Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Loan Agreement for the Series 2008 A Bonds.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

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

"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 2008 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2008 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 Series 2008 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for said 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 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 adoption 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 neutral gender shall include any other gender.

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 $7,500,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2008 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority, the DEP and the Council.

The cost of the Project is estimated to be $7,500,000, of which approximately $5,500,000 will be obtained from proceeds of the Series 2008 A Bonds, approximately $1,500,000 will be obtained from proceeds of the Series 2008 B Bonds, approximately $500,000 will be obtained from a grant from the Council.

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, if any, on the Series 2008 Bonds, funding the respective Reserve Accounts for the Series 2008 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2008 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 negotiable Series 2008 Bonds of the Issuer. The Series 2008 Bonds shall be issued in two series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program)," in the principal amount of $5,500,000, and "Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund)," in the principal amount of $1,500,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2008 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest, if any, on the Series 2008 Bonds, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2008 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 2008 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2008 Bonds, if any, 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 2008 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 2008 Bonds. The Series 2008 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 bear interest, if any, and shall be dated as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2008 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 2008 Bonds shall cease to be such officer of the Issuer before the Series 2008 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 2008 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. The Bond Registrar for the Series 2008 Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2008 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 forms set forth in Section 3.10 hereof 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 2008 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 2008 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 2008 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 2008 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 2008 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 Series 2008 Bonds or transferring the registered Series 2008 Bonds are exercised, all Series 2008 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2008 Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2008 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 Series 2008 Bonds or, in the case of any proposed redemption of Series 2008 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 2008 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing 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 2008 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 2008 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2008 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2008 A Bonds and the Series 2008 B Bonds shall be secured forthwith equally and ratably with each other

by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the Series 1989 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2008 Bonds and the Prior 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 2008 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2008 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 2008 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 2008 Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2008 Bonds.

Section 3.10. Form of Bonds. The text of each series of the Series 2008 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 SERIES 2008 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CLAYWOOD PARK PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: The ____ day of _____, 2008, that CLAYWOOD PARK PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Wood 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, _____ to and including _____ 1, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF 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, _____, as set forth on said EXHIBIT B.

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 Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated _____, 2008.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage 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 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 2008, and a Supplemental Resolution duly adopted by the Issuer on _____, 2008 (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: (1) SEWER REVENUE BONDS, SERIES 1989 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED OCTOBER 10, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,801,862 (THE "SERIES 1989 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 4, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,800,000 (THE "SERIES 2001 A BONDS") (COLLECTIVELY, THE "FIRST LIEN BONDS") AND (3) SEWER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2008, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,500,000.

THIS BOND IS ISSUED SENIOR AND PRIOR TO, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT AND IN ALL RESPECTS WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1989 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED OCTOBER 10, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $415,340 (THE "SERIES 1989 B BONDS" AND COLLECTIVELY WITH THE FIRST LIEN BONDS, THE "PRIOR 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 2008 B Bonds and the First Lien Bonds and senior and prior to the Series 1989 B Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2008 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2008 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the

System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount 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 or junior to the Bonds, including the Series 2008 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2008 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered 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 Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law 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 monies, 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.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, CLAYWOOD PARK 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 the day and year first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 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: _____, 2008.

THE HUNTINGTON NATIONAL BANK,
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 SERIES 2008 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CLAYWOOD PARK PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2008 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: The _____ day of _____, 2008, that CLAYWOOD PARK PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Wood 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___ to and including _____ 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 _____, 2008.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage 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 (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 2008, and a Supplemental Resolution duly adopted by the Issuer on _____, 2008 (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: (1) SEWER REVENUE BONDS, SERIES 1989 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED OCTOBER 10, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,801,862 (THE "SERIES 1989 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 4, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,800,000 (THE "SERIES 2001 BONDS") (COLLECTIVELY, THE "FIRST LIEN BONDS"); AND (3) SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED _____, 2008, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $5,500,000.

THIS BOND IS ISSUED SENIOR AND PRIOR TO, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT AND IN ALL RESPECTS WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1989 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED OCTOBER 10, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $415,340 (THE "SERIES 1989 B BONDS" AND COLLECTIVELY WITH THE FIRST LIEN BONDS, THE "PRIOR 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 2008 A Bonds and the First Lien Bonds and senior and prior to the series 1989 B Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2008 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2008 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount 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 or junior to the Bonds, including the Series 2008 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2008 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2008 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered 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 Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law 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 monies, 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, CLAYWOOD PARK 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 the day and year first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 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: _____, 2008.

THE HUNTINGTON NATIONAL BANK,
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 2008 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 Agreements, including all schedules and exhibits attached thereto, are 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 DEP and the Council a schedule, the forms of which will be provided by the DEP 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 (or continued) 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 (established by the Prior Resolutions);

(2) Renewal and Replacement Fund (established by the Prior Resolutions);

(3) Innovative or Alternative Future Connection Fund (established by Prior Resolution and continued hereby);

(4) Innovative or Alternative Future Connection Fund (established by Prior Resolution and continued hereby);

(5) Series 2008 A Bonds Construction Trust Fund; and

(6) Series 2008 B 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 1989 A Bonds Sinking Fund (established by Prior Resolution);

(2) Series 1989 A Bonds Reserve Account (established by Prior Resolution);

(3) Series 1989 B Bonds Sinking Fund (established by Prior Resolution);

(4) Series 1989 B Bonds Reserve Account (established by Prior Resolution);

(5) Series 2001 Bonds Sinking Fund (established by Prior Resolution);

(6) Series 2001 Bonds Reserve Account (established by Prior Resolution);

(7) Series 2008 A Bonds Sinking Fund;

(8) Series 2008 A Bonds Reserve Account;

(9) Series 2008 B Bonds Sinking Fund; and

(10) Series 2008 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. 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. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, as appropriate, the amounts required to pay interest on the Series 1989 A Bonds, as required by the Prior Resolutions.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission, as appropriate, the amounts required to pay principal of the First Lien Bonds, as required by the Prior Resolutions; (ii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2008 A Bonds, for deposit in the Series 2008 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2008 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 2008 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 (iii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2008 B Bonds, for deposit in the Series 2008 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2008 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 2008 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.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission, as appropriate, the amounts required by the Prior Resolutions for deposit in the respective Reserve Accounts for the First Lien Bonds; (ii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2008 A Bonds, if not fully funded upon issuance of the Series 2008 A Bonds, for deposit in the Series 2008 A Bonds Reserve Account, an amount sufficient to provide for the Series 2008 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2008 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2008 A Bonds Reserve Requirement; and (iii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2008 B Bonds, if not fully funded upon issuance of the Series 2008 B Bonds, for deposit in the Series 2008 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2008 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2008 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2008 B Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, a sum equal to 2 ½% of the Gross Revenues each month

(as previously set forth in the Prior Resolutions and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of the month, transfer from the Revenue Fund and remit to the Commission the principal payments on the Series 1989 B Bonds as required by Prior Resolution.

(7) The Issuer shall next, on the first day of the month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1989 B Bonds Reserve Account, the amount required by Prior Resolution.

(8) The Issuer shall next, on the first day of each month, so long as any of the Series 1989 A Bonds remain outstanding, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the I/A Future Connection Fund the amounts required by Section 5.03(F) of the Prior Resolution.

(9) The Issuer shall next, on the first day of each month, so long as any of the Series 1989 A Bonds remain outstanding, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the I/A Renewal and Replacement Fund the amounts required by Section 5.03(G) of the Prior Resolution.

Monies in the Series 2008 A Bonds Sinking Fund and the Series 2008 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2008 A Bonds and the Series 2008 B Bonds, respectively, as the same shall become due. Monies in the Series 2008 A Bonds Reserve Account and the Series 2008 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2008 A Bonds and the Series 2008 B Bonds, respectively, as the same shall come due, when other

monies in the Series 2008 A Bonds Sinking Fund and the Series 2008 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2008 A Bonds Sinking Fund, the Series 2008 A Bonds Reserve Account, the Series 2008 B Bonds Sinking Fund and the Series 2008 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Bond Construction Trust Funds, 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 2008 A Bonds and the Series 2008 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2008 A Bonds Reserve Account or the Series 2008 B Bonds Reserve Account which result in a reduction in the balance therein to below the respective Reserve Requirements shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2008 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 requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2008 A Bonds Sinking Fund, the Series 2008 A Bonds Reserve Account, the Series 2008 B Bonds Sinking Fund or the Series 2008 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2008 A Bonds and the Series 2008 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

The Issuer covenants and agrees to transfer moneys in the Series 1989 A Bonds Reserve Account to the Series 2008 A Bonds Reserve Account upon maturity of the Series 1989 A Bonds. The Issuer covenants and agrees not to use the Series 1989 A Bonds Reserve Account for the final payment of the Series 1989 A Bonds.

The Issuer covenants and agrees to transfer moneys in the Series 1989 B Bonds Reserve Account to the Series 2008 A Bonds Reserve Account upon maturity of the Series 1989 B Bonds. The Issuer covenants and agrees not to use the Series 1989 B Bonds Reserve Account for the final payment of the Series 1989 B Bonds.

The Issuer covenants and agrees to transfer moneys in the Series 2001 A Bonds Reserve Account to the Series 2008 A Bonds Reserve Account upon maturity

of the Series 2001 A Bonds. The Issuer covenants and agrees not to use the Series 2001 A Bonds Reserve Account for the final payment of the Series 2001 A Bonds.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2008 A Bonds Sinking Fund, the Series 2008 A Bonds Reserve Account, the Series 2008 B Bonds Sinking Fund and the Series 2008 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2008 A Bonds Sinking Fund, the Series 2008 A Bonds Reserve Account, the Series 2008 B Bonds Sinking Fund and the Series 2008 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2008 A Bonds Sinking Fund, the Series 2008 A Bonds Reserve Account, the Series 2008 B Bonds Sinking Fund and the Series 2008 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2008 A Bonds and the Series 2008 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, if any, and reserve account payments with respect to the Series 2008 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the SRF Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement for the Series 2008 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 respective parties shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The monies in excess of 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. 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 monies received from the sale of the Series 2008 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2008 A Bonds, there shall first be deposited with the Commission in the Series 2008 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 2008 A Bonds for the period commencing on the date of issuance of the Series 2008 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2008 B Bonds, there shall first be deposited with the Commission in the Series 2008 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 2008 B Bonds for the period commencing on the date of issuance of the Series 2008 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series 2008 A Bonds, there shall be deposited with the Commission in the Series 2008 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2008 A Bonds Reserve Account.

D. Next, from the proceeds of the Series 2008 B Bonds, there shall be deposited with the Commission in the Series 2008 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2008 B Bonds Reserve Account.

E. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2008 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2008 A 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 2008 A Bonds.

F. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2008 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2008 B 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 2008 B Bonds.

G. 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 2008 A Bonds shall be applied as directed by the DEP and any remaining proceeds of the Series 2008 B Bonds shall be applied as directed by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 2008 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2008 A Bonds Construction Trust Fund shall be made only after submission to and approval from the DEP, of a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement for the Series 2008 A Bonds, in compliance with the construction schedule, and

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 from the Series 2008 B Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer 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.

The Issuer shall expend all proceeds of the Series 2008 B Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

Pending such application, monies in the respective Bond Construction Trust Funds 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 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 2008 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 2008 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The payment of the debt service of the Series 2008 A Bonds and the Series 2008 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the First Lien Bonds and prior and senior to the Series 1989 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2008 Bonds and the Prior 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 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Bonds. The payment of the debt service of the Series 2008 A Bonds and the Series 2008 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the First Lien Bonds and prior and senior to the Series 1989 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2008 Bonds and the Prior 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 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 and shall provide an opinion of counsel to the Issuer of such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Recommended Decision of the Public Service Commission of West Virginia entered March 31, 2008 in Case No. 07-2390-PSD-CN, and such rates are hereby adopted.

So long as the Series 2008 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 2008 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 2008 Bonds and the Prior Bonds are outstanding and except as otherwise required by law or with the written consent of the DEP, the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to 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 2008 Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the DEP, the Authority 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 2008 Bonds. Any balance remaining after the payment of the Series 2008 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 Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund

shall not reduce the amount required to be paid into said fund 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 2008 Bonds and the First Lien Bonds. All obligations issued by the Issuer after the issuance of the Series 2008 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 2008 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 2008 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 2008 Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2008 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority, the DEP and the Council and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2008 Bonds.

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

No Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues 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 not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues 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 and approved by the Public Service Commission of West Virginia, the time for appeal of which shall have expired 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 herein above referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the time for appeal of which shall have expired 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 subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond over any other. The Issuer shall comply

fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2008 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 2008 Bonds.

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

Section 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 DEP, the Authority and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the DEP, the Authority 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 DEP, the Authority 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 will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this 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 DEP, the Council, the Authority, or any other original purchaser of the Series 2008 Bonds, and shall mail in each year to any Holder or Holders of the Series 2008 Bonds, requesting the same, an annual report containing the following:

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

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this 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 (and to the extent legally required, in compliance with the applicable OMB Circular and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2008 Bonds, and shall submit said report to the DEP, the Council and the Authority, or any other original purchaser of the Series 2008 Bonds. Such audit report submitted to the DEP, 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 DEP, 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 DEP, 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 DEP, the Authority and the Council with respect to the System pursuant to the Act.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in EXHIBIT E of the Loan Agreement for the Series 2008 A Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2008 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 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2008 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2008 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2008 A Bonds Reserve Account, the Series 2008 B Bonds Reserve Account and the reserve accounts for obligations on a parity with or junior to the Series 2008 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2008 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2008 Bonds, including the Prior Bonds. 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 DEP, the Authority 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 DEP, the Authority 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 DEP, the Authority 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 respective Loan Agreements, and forward a copy of such report to the DEP, the Authority 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 DEP, the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the DEP, the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement for the Series 2008 A Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is

90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP 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 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. Except as required by law, 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 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 Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT 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 and the DEP 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. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the

Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained 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 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 and the Issuer shall provide an opinion of counsel to such effect.

Section 7.18. Reserved.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2008 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, shall take effect immediately upon delivery of the Series 2008 Bonds and shall be on a parity with the First Lien Bonds and senior and prior to the Series 1989 B Bonds.

Section 7.20. 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 will provide the DEP and the Council with copies of all documents submitted to the Authority.

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

Section 7.21. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Contracts; Change Orders, Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2008 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 DEP and the Council for written approval. The Issuer shall obtain the written approval of the DEP and the Council before expending any proceeds of the Series 2008 Bonds held in "contingency" as set forth in the respective schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP and the Council before expending any proceeds of the Series 2008 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the DEP, 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 ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any monies 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 monies 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 monies 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, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once 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 2008 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2008 Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2008 Bonds as a condition to issuance of the Series 2008 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2008 Bonds as may be necessary in order to maintain the status of the Series 2008 Bonds as public purpose bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2008 Bonds which would cause any bonds, the interest on which

is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the Council or the DEP, as the case may be, from which the proceeds of the Series 2008 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, the Council or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2008 Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2008 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2008 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 2008 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2008 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;

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

(4) If default occurs with the Prior Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his 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 Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2008 Bonds shall be on a parity with the Holders of the First Lien Bonds and senior and prior to the Series 1989 B Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under 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 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 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 Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and 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 2008 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 monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2008 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2008 Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2008 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2008 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 2008 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2008 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, 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 Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2008 Bonds from gross income of the holders thereof.

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 2008 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 2008 Bonds.

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

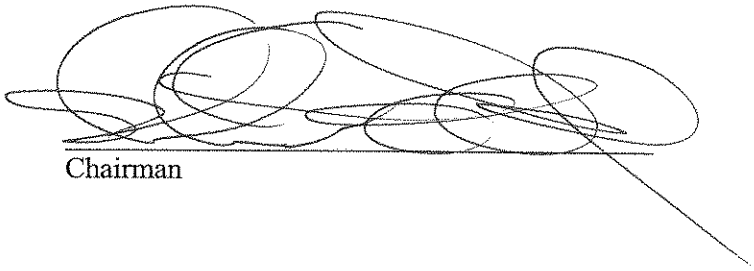
Section 11.05. Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution and the Prior Resolutions, the Prior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

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

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

[Remainder of Page Intentionally Blank]

Adopted this 21st day of October, 2008.



Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of CLAYWOOD PARK PUBLIC SERVICE DISTRICT on the 21st day of October, 2008.

Dated: October 27, 2008.

[SEAL]

Secretary

06.27.08
163950.00001

EXHIBIT A

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

Claywood Park Public Service District
Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2008 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 SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM) AND SEWER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF CLAYWOOD PARK PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; 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 Claywood Park Public Service District (the "Issuer") has duly and officially adopted a bond resolution on October 21, 2008 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF CLAYWOOD PARK PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $5,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), AND $1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 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 meaning set forth in the Bond Resolution when used herein;

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program) and Series 2008 B (West Virginia Infrastructure Fund), of the Issuer (collectively, the "Bonds" and individually, the "Series 2008 A Bonds" and the "Series 2008 B Bonds"), in the respective aggregate principal amounts not to exceed $5,500,000 and $1,500,000, and has authorized the execution and delivery of the bond purchase agreement relating to the Series 2008 A Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Bond Purchase Agreement") and the loan agreement relating to the Series 2008 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement") (collectively, the Bond Purchase Agreement and the Loan Agreement are referred to as the "Loan Agreements"), all in accordance with Chapter 16, Article 13A, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreements 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 Loan Agreements have been presented to the Issuer at this meeting;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreements be approved and ratified by the Issuer, that the exact principal amounts, the

dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates, the sale prices and other terms 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 CLAYWOOD PARK PUBLIC SERVICE DISTRICT:

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

A. Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $5,500,000. The Series 2008 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2041, and shall bear no interest. The principal of the Series 2008 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2010, to and including December 1, 2041, and in the amounts as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Series 2008 A Bonds. The Series 2008 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Bond Purchase Agreement, so long as the Authority shall be the registered owner of the Series 2008 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1/2% of the principal amount of the Series 2008 A Bonds set forth in the "Schedule Y" attached to the Bond Purchase Agreement.

B. Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $1,500,000. The Series 2008 B Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2048 and shall bear no interest. The principal of the Series 2008 B Bonds shall be payable quarterly, on March 1, July 1, September 1 and December 1 of each year, commencing September 1, 2010 to and including September 1, 2048, 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 2008 B Bonds. The Series 2008 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 2008 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 Bond Resolution.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreements, copies of which are incorporated herein by reference, and the execution and delivery of the Loan Agreements 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 Agreements and in the applications to the DEP, 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 shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond 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 5. 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 Bond Resolution.

Section 6. The Issuer does hereby appoint and designate WesBanco Bank, Parkersburg, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2008 A Bonds proceeds in the amount of -0- shall be deposited in the Series 2008 A Bonds Sinking Fund, as capitalized interest.

Section 8. A. Series 2008 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2008 A Bonds Reserve Account to net fund the Series 2008 A Bonds Reserve Account.

B. The Issuer instructs the Commission to transfer moneys in the Series 1989 A Bonds Reserve Account to the Series 2008 A Bonds Reserve Account when the Series 1989 A Bonds are paid in full. The Issuer covenants and agrees not to use the Series 1989 A Bonds Reserve Account for the final payment of the Series 1989 A Bonds.

C. The Issuer instructs the Commission to transfer moneys in the Series 1989 B Bonds Reserve Account to the Series 2008 A Bonds Reserve Account when the Series 1989 B Bonds are paid in full. The Issuer covenants and agrees not to use the Series 1989 B Bonds Reserve Account for the final payment of the Series 1989 B Bonds.

D. The Issuer instructs the Commission to transfer moneys in the Series 2001 A Bonds Reserve Account to the Series 2008 A Bonds Reserve Account when the Series 2001 A Bonds are paid in full. The Issuer covenants and agrees not to use the Series 2001 A Bonds Reserve Account for the final payment of the Series 2001 A Bonds.

Section 9. Series 2008 B Bonds proceeds in the amount of $-0-shall be deposited in the Series 2008 B Bonds Reserve Account.

Section 10. Series 2008 B Bonds proceeds in the amount of -0- shall be deposited in the Series 2008 B Bonds Sinking Fund, as capitalized interest.

Section 11. The balance of the proceeds of the Series 2008 A Bonds and the Series 2008 B Bonds shall be deposited in or credited to the respective Bond Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 12. 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 to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about October 27, 2008, to the Authority pursuant to the Loan Agreements.

Section 13. 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.

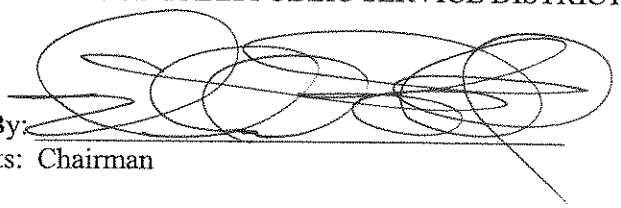
Section 14. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, 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 in writing by the Issuer. Moneys in the Sinking Funds and the Reserve Accounts shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Left Blank]

Adopted this 21st day of October, 2008.

CLAYWOOD PARK PUBLIC SERVICE DISTRICT



By:
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Claywood Park Public Service District on the 21st day of October, 2008.

Dated: October 27, 2008.

[SEAL]

Secretary

10.14.08
163950.00001

SRF-BPA-1
(11/01/04)

BOND PURCHASE AGREEMENT

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

CLAYWOOD PARK PUBLIC SERVICE DISTRICT
(Local Government)

W I T N E S S E T H:

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

WHEREAS, pursuant to the provisions of Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to acquire bonds of particular local governments pursuant to the Clean Water Act;

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

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

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to utilize moneys from the Fund to purchase the bonds of local governments to provide the financing for the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

WHEREAS, the Local Government constitutes a local government as defined by the Act;

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

WHEREAS, the Local Government is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a wastewater treatment 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 Government;

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

WHEREAS, the Local Government has completed and filed with the Authority and DEP an Application for Purchase of Bonds with attachments and exhibits and an Amended Application for Purchase of Bonds also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, having reviewed the Application and the Fund having available sufficient funds therefor, the Authority and DEP are willing to lend the Local Government the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Government with moneys held in the Fund, subject to the Local Government's satisfaction of certain legal and other requirements of the Program; and

WHEREAS, the Local Government meets the "disadvantaged community" provisions of the SRF Regulations.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Local Government, DEP 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 government," and "project" have the definitions and meanings ascribed to them in the Act or in the SRF Regulations.

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

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

1.4 "Local Bonds" means the revenue bonds to be issued by the Local Government pursuant to the provisions of the Local Statute, as hereinafter defined, and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Bond Purchase Agreement.

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

1.6 "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.

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

1.8 "Project" means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Government in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

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

1.11 Additional terms and phrases are defined in this Bond Purchase 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 Government by the Consulting Engineers, the DEP 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 Bond Purchase Agreement and the Local Act, the Local Government 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 Government 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 Government, 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 DEP and the Authority.

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

2.5 The Local Government 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 Government shall permit the Authority and DEP, 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 Government shall submit to the Authority and DEP 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 Local Bonds proceeds or of any State and federal grants or other sources of financing for the Project.

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

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

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

2.9 The Local Government shall provide and maintain competent and adequate engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, DEP and the Local Government at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Government shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government 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 Bond Purchase Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 50% completion stage.

2.11 The Local Government hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority, DEP 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 Government, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward a copy by the 10th of each month to the DEP and the Authority.

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

ARTICLE III

Conditions to Purchase of Local Bonds;
Issuance of Local Bonds

3.1 The agreement of the Authority and DEP to purchase the Local Bonds is subject to the Local Government's fulfillment, to the satisfaction of the Authority and DEP, 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 Government shall have delivered to the Authority and DEP a report listing the specific purposes for which the proceeds of the Local Bonds will be expended and the procedures as to the disbursement of bond proceeds, including an estimated monthly draw schedule;

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

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

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

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

(f) The Local Government shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") 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 DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

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

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

(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 DEP shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of wastewater treatment projects and satisfactory to the Authority and DEP, to such effect, such certificate to be in form and substance satisfactory to the Authority and DEP, and evidence satisfactory to the Authority and DEP of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Bond Purchase Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF 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 purchase the Local Bonds of the Local Government and the Local Government shall issue and sell the Local Bonds to the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall purchase 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 Local Bonds shall be secured and shall be repaid in the manner hereinafter provided in this Bond Purchase 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 Government 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, DEP and the Local Government. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Closing." Notwithstanding the foregoing, the Date of Closing shall in no event occur more than ninety (90) days after the date of execution of this Bond Purchase Agreement by the Authority or such later date as is agreed to in writing by DEP.

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for financing of wastewater treatment projects and that the obligation of the Authority to purchase the Local Bonds is subject to the Local Government's fulfilling all of the terms and conditions of this Bond Purchase Agreement on or prior to the Date of Closing and to the requirements of the Program. The Local Government 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 such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all bonds will be purchased in conjunction with the SRF Regulations and with the prior approval of DEP.

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

ARTICLE IV

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

4.1 The Local Government shall, as one of the conditions of the Authority and DEP to purchase the Local Bonds, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Local Government in accordance with the Local Statute, which shall, as 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 Government 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 net or gross revenues 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 Government shall complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or the SRF Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole or substantially as a whole, provided that 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 such 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 Government 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 DEP; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

(xi) That the Local Government shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and DEP, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

(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 Government 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 Local Government, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and DEP, 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 Government may authorize redemption of the Local Bonds with 30 days written notice to 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 Government 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 Government shall complete the Monthly Payment Form, attached hereto as Exhibit F 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 Government 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 Government 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 DEP, the Project is adequate for the purposes for which it was designed, the

funding plan as submitted to the Authority and DEP 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 Government 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 Local Government, then the Local Government shall enter into a termination agreement with the water provider; and

(xxi) That the Local Government shall submit all proposed change orders to the DEP for written approval. The Local Government shall obtain the written approval of the DEP 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 Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

The Local Government 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 G.

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

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Closing. The remaining proceeds of the Local Bonds shall be advanced by the DEP monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y hereto. In no event shall

the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

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

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be determined by the Authority and shall include, without limitation, Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

4.6 The obligation of the Authority to purchase the Local Bonds 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 purchase the Local Bonds.

ARTICLE V

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

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Bond Purchase Agreement and the Local Act. The Local Government hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to purchase the Local Bonds, 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 Bond Purchase Agreement, the Local Government 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 Bond Purchase Agreement.

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

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

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

6.2 The Local Government hereby warrants and represents that all information provided to the Authority and DEP in this Bond Purchase 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 purchasing and receiving the Local Bonds, the Authority and DEP shall have the right to cancel all or any of their obligations under this Bond Purchase Agreement if (a) any representation made to the Authority and DEP by the Local Government in connection with the issuance of the Local Bonds shall be incorrect or incomplete in any material respect or (b) the Local Government has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act, the SRF Regulations or this Bond Purchase Agreement.

6.3 The Local Government hereby agrees to repay on or prior to the Date of 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 Local Bonds.

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

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

6.6 The Local Government hereby agrees to give the Authority and DEP prior written notice of the issuance by it of any other obligations to be used for the 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 Government hereby agrees to file with the Authority and DEP 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 Bond Purchase Agreement by the Authority as soon as practicable after the Date of Closing is established and shall be approved by an official action of the Local Government supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.2 If any provision of this Bond Purchase 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 Bond Purchase Agreement, and this Bond

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

7.3 This Bond Purchase 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 Bond Purchase Agreement.

7.4 No waiver by any party of any term or condition of this Bond Purchase 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 Bond Purchase Agreement.

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

7.6 By execution and delivery of this Bond Purchase Agreement, notwithstanding the date hereof, the Local Government 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 Bond Purchase Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Government from either the Authority or DEP;

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

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

(iv) payment in full of the principal of and interest on the Local Bonds and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Local Bonds purchased under this Bond Purchase Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the State legislature or otherwise being available to purchase the Local Bonds. In the event funds are not appropriated or otherwise available to purchase all of the Local Bonds, the responsibility of the Authority

and DEP to purchase the Local Bonds is terminated; provided further that the obligation of the Local Government to repay the outstanding amount of the Local Bonds is not terminated due to such non-funding on any balance of the Local Bonds. The DEP agrees to use its best efforts to have the amount contemplated under this Bond Purchase Agreement included in its budget. Non-appropriation or non-funding of the Loan shall not be considered an event of default under this Bond Purchase Agreement.

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

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Its: Chairman
Date: 10/15/08

Attest:

_____
Its: Secretary

WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, DIVISION OF WATER AND WASTE MANAGEMENT

By: _____
Its: Director
Date: 10/17/8

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: October 8, 2008

Attest:

Barbara B Meadows
Its: Secretary-Treasurer

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

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 Bond Purchase Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), 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 the DEP and any change orders approved by the Issuer, the DEP 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

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 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 Bond Purchase 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 the DEP; 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 _____, _____.

_____

By _____

West Virginia License No. __

[SEAL]

---

[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 E

SPECIAL CONDITIONS

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

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) - Effective October 1, 2003, the Local Government that receives $500,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Government.

C. The debt service for this loan is graduated to increase when existing revenue bonds retire. The Governmental Agency shall covenant and agree to transfer the moneys in the debt service reserve fund for the retiring revenue bonds to the debt service reserve fund for the Bonds when the existing revenue bonds are paid in full. The Governmental Agency shall covenant and agree not to use the debt service reserve fund for the existing revenue bonds for the final payment on the existing revenue bonds.

EXHIBIT F

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 Local Government] on [Date].

Sinking Fund:

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

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

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

West Virginia Department of Environmental Protection
601 57th Street
Charleston, WV 25304

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated _____, ___, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Local Government, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the issue of a series of revenue bonds of the Local Government, dated _____, ___ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal only to the Authority, with principal 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 Bond Purchase 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 Government on _____, as supplemented by the supplemental resolution duly adopted by the Local Government on _____ (collectively, the "Local

Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase 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 Bond Purchase 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 Bond Purchase Agreement has been duly authorized by and executed on behalf of the Local Government and is a valid and binding special obligation of the Local Government, enforceable in accordance with the terms thereof.

2. The Bond Purchase Agreement inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Local Government without the consent of the Authority and the DEP.

3. The Local Government 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 Government and constitute valid and binding obligations of the Local Government, enforceable against the Local Government 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 Bond Purchase Agreement.

5. The Local Bonds have been duly authorized, issued, executed and delivered by the Local Government to the Authority and are valid, legally enforceable and binding special obligations of the Local Government, 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,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$5,500,000
Purchase Price of Local Bonds	$5,500,000

The Local Bonds shall bear no interest. Commencing September 1, 2010, principal of the Local Bonds is payable quarterly, with an administrative fee of 0.5%. 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 Government shall submit its payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. If the Reserve Account is not fully funded at closing, the Local Government shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Commission. The Local Government 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 only and the Local Bonds shall grant the Authority a first lien on the net or gross revenues of the Local Government's system as provided in the Local Act.

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

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

See next page.

(i) Claywood Park Public Service District Sewer Revenue Bonds, Series 1989 A (West Virginia Water Development Authority), dated October 10, 1989, issued in the original aggregate principal amount of $2,801,862; and

(ii) Claywood Park Public Service District Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated January 4, 2001, issued in the original aggregate principal amount of $1,800,000.

There are outstanding obligations of the Issuer which will rank junior and subordinate to the Series 2008 Bonds as to liens, pledge of and security for payment, being:

(i) Claywood Park Public Service District Sewer Revenue Bonds, Series 1989 B (West Virginia Water Development Authority),dated October 10, 1989, issued in the original aggregate principal amount of $415,340.

SCHEDULE Y

DEBT SERVICE SCHEDULE

$5,500,000

Claywood Park Public Service District
0% Interest Rate; 0.5% Admin Fee
Closing Date: October 27, 2008

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I	Calendar Year Total
10/27/2008	-	-	-	-
12/01/2008	-	-	-	-
03/01/2009	-	-	-	-
06/01/2009	-	-	-	-
09/01/2009	-	-	-	-
12/01/2009	-	-	-	-
03/01/2010	-	-	-	-
06/01/2010	-	-	-	-
09/01/2010	15,199.00	-	15,199.00	-
12/01/2010	15,199.00	-	15,199.00	30,398.00
03/01/2011	15,199.00	-	15,199.00	-
06/01/2011	15,199.00	-	15,199.00	-
09/01/2011	15,199.00	-	15,199.00	-
12/01/2011	15,199.00	-	15,199.00	60,796.00
03/01/2012	15,199.00	-	15,199.00	-
06/01/2012	15,199.00	-	15,199.00	-
09/01/2012	15,199.00	-	15,199.00	-
12/01/2012	15,199.00	-	15,199.00	60,796.00
03/01/2013	15,199.00	-	15,199.00	-
06/01/2013	15,199.00	-	15,199.00	-
09/01/2013	15,199.00	-	15,199.00	-
12/01/2013	15,199.00	-	15,199.00	60,796.00
03/01/2014	15,199.00	-	15,199.00	-
06/01/2014	15,199.00	-	15,199.00	-
09/01/2014	15,199.00	-	15,199.00	-
12/01/2014	15,199.00	-	15,199.00	60,796.00
03/01/2015	15,199.00	-	15,199.00	-
06/01/2015	15,199.00	-	15,199.00	-
09/01/2015	15,199.00	-	15,199.00	-
12/01/2015	15,199.00	-	15,199.00	60,796.00
03/01/2016	15,199.00	-	15,199.00	-
06/01/2016	15,199.00	-	15,199.00	-
09/01/2016	15,199.00	-	15,199.00	-
12/01/2016	15,199.00	-	15,199.00	60,796.00
03/01/2017	15,199.00	-	15,199.00	-
06/01/2017	15,199.00	-	15,199.00	-
09/01/2017	15,199.00	-	15,199.00	-
12/01/2017	15,199.00	-	15,199.00	60,796.00
03/01/2018	15,199.00	-	15,199.00	-
06/01/2018	15,199.00	-	15,199.00	-
09/01/2018	15,199.00	-	15,199.00	-
12/01/2018	15,199.00	-	15,199.00	60,796.00
03/01/2019	15,199.00	-	15,199.00	-

$5,500,000

Claywood Park Public Service District
0% Interest Rate; 0.5% Admin Fee
Closing Date: October 27, 2008

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I	Calendar Year Total
06/01/2019	15,199.00	-	15,199.00	-
09/01/2019	15,199.00	-	15,199.00	-
12/01/2019	15,199.00	-	15,199.00	60,796.00
03/01/2020	15,199.00	-	15,199.00	-
06/01/2020	15,199.00	-	15,199.00	-
09/01/2020	15,199.00	-	15,199.00	-
12/01/2020	15,199.00	-	15,199.00	60,796.00
03/01/2021	15,199.00	-	15,199.00	-
06/01/2021	15,199.00	-	15,199.00	-
09/01/2021	15,199.00	-	15,199.00	-
12/01/2021	15,199.00	-	15,199.00	60,796.00
03/01/2022	15,199.00	-	15,199.00	-
06/01/2022	15,199.00	-	15,199.00	-
09/01/2022	15,199.00	-	15,199.00	-
12/01/2022	15,199.00	-	15,199.00	60,796.00
03/01/2023	15,199.00	-	15,199.00	-
06/01/2023	15,199.00	-	15,199.00	-
09/01/2023	15,199.00	-	15,199.00	-
12/01/2023	15,199.00	-	15,199.00	60,796.00
03/01/2024	15,199.00	-	15,199.00	-
06/01/2024	15,199.00	-	15,199.00	-
09/01/2024	15,199.00	-	15,199.00	-
12/01/2024	15,199.00	-	15,199.00	60,796.00
03/01/2025	15,199.00	-	15,199.00	-
06/01/2025	15,199.00	-	15,199.00	-
09/01/2025	15,199.00	-	15,199.00	-
12/01/2025	15,199.00	-	15,199.00	60,796.00
03/01/2026	15,199.00	-	15,199.00	-
06/01/2026	15,199.00	-	15,199.00	-
09/01/2026	15,199.00	-	15,199.00	-
12/01/2026	15,199.00	-	15,199.00	60,796.00
03/01/2027	15,199.00	-	15,199.00	-
06/01/2027	15,199.00	-	15,199.00	-
09/01/2027	15,199.00	-	15,199.00	-
12/01/2027	15,199.00	-	15,199.00	60,796.00
03/01/2028	15,199.00	-	15,199.00	-
06/01/2028	15,199.00	-	15,199.00	-
09/01/2028	15,199.00	-	15,199.00	-
12/01/2028	15,199.00	-	15,199.00	60,796.00
03/01/2029	15,199.00	-	15,199.00	-
06/01/2029	15,199.00	-	15,199.00	-
09/01/2029	15,199.00	-	15,199.00	-
12/01/2029	15,199.00	-	15,199.00	60,796.00

$5,500,000

Claywood Park Public Service District
0% Interest Rate; 0.5% Admin Fee
Closing Date: October 27, 2008

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I	Calendar Year Total
03/01/2030	15,199.00	-	15,199.00	-
06/01/2030	79,347.00	-	79,347.00	-
09/01/2030	79,347.00	-	79,347.00	-
12/01/2030	79,347.00	-	79,347.00	253,240.00
03/01/2031	79,347.00	-	79,347.00	-
06/01/2031	79,347.00	-	79,347.00	-
09/01/2031	79,347.00	-	79,347.00	-
12/01/2031	79,347.00	-	79,347.00	317,388.00
03/01/2032	79,347.00	-	79,347.00	-
06/01/2032	90,597.00	-	90,597.00	-
09/01/2032	90,597.00	-	90,597.00	-
12/01/2032	90,597.00	-	90,597.00	351,138.00
03/01/2033	90,597.00	-	90,597.00	-
06/01/2033	94,347.00	-	94,347.00	-
09/01/2033	94,347.00	-	94,347.00	-
12/01/2033	94,347.00	-	94,347.00	373,638.00
03/01/2034	94,347.00	-	94,347.00	-
06/01/2034	94,347.00	-	94,347.00	-
09/01/2034	94,346.00	-	94,346.00	-
12/01/2034	94,346.00	-	94,346.00	377,386.00
03/01/2035	94,346.00	-	94,346.00	-
06/01/2035	94,346.00	-	94,346.00	-
09/01/2035	94,346.00	-	94,346.00	-
12/01/2035	94,346.00	-	94,346.00	377,384.00
03/01/2036	94,346.00	-	94,346.00	-
06/01/2036	94,346.00	-	94,346.00	-
09/01/2036	94,346.00	-	94,346.00	-
12/01/2036	94,346.00	-	94,346.00	377,384.00
03/01/2037	94,346.00	-	94,346.00	-
06/01/2037	94,346.00	-	94,346.00	-
09/01/2037	94,346.00	-	94,346.00	-
12/01/2037	94,346.00	-	94,346.00	377,384.00
03/01/2038	94,346.00	-	94,346.00	-
06/01/2038	94,346.00	-	94,346.00	-
09/01/2038	94,346.00	-	94,346.00	-
12/01/2038	94,346.00	-	94,346.00	377,384.00
03/01/2039	94,346.00	-	94,346.00	-
06/01/2039	94,346.00	-	94,346.00	-
09/01/2039	94,346.00	-	94,346.00	-
12/01/2039	94,346.00	-	94,346.00	377,384.00
03/01/2040	94,346.00	-	94,346.00	-
06/01/2040	94,346.00	-	94,346.00	-
09/01/2040	94,346.00	-	94,346.00	-

$5,500,000

Claywood Park Public Service District
0% Interest Rate; 0.5% Admin Fee
Closing Date: October 27, 2008

Debt Service Schedule

Part 4 of 4

Date	Principal	Coupon	Total P+I	Calendar Year Total
12/01/2040	94,346.00	-	94,346.00	377,384.00
03/01/2041	94,346.00	-	94,346.00	-
06/01/2041	94,346.00	-	94,346.00	-
09/01/2041	94,346.00	-	94,346.00	-
12/01/2041	94,346.00	-	94,346.00	377,384.00
Total	**$5,500,000.00**	-	**$5,500,000.00**	-

***Plus $4,894.82 one-half percent Administrative Fee paid quarterly. Total fee paid over life of loan is $616,747.32.**

IC-1
(11/01/04)

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").

CLAYWOOD PARK PUBLIC SERVICE DISTRICT
(95S-148)

(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as

possible to the designated date and mutually agreeable to the Authority, the Council and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by the Council.

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

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

(iv) That, except as otherwise required by State law or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds

outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

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

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

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and the Council, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's

revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

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

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

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

Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

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

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

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

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

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

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

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

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

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

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

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

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the bonds which are the source of money used to purchase the Local Bonds, unless otherwise agreed to by the Council.

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Its: Chairman
Date: October 27, 2008

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: October 27, 2008

Attest:

Barbara B Meadows
Its: Secretary-Treasurer

{C1410311.1}

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

[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 _____,

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. _____

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
300 Summers Street, Suite 980
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency _____
Name of Bond Issue(s) _____
Type of Project _____ **Water** _____ **Wastewater**
Fiscal Year _____ **Report Month** _____

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

Item 1 You will need a copy of the current fiscal year budget adopted by the 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 ($1,200/12). This is the incremental amount for the Budget Year-to-Date column.

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

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

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

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

EXHIBIT 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 $1,500,000
Purchase Price of Local Bonds $1,500,000

The Local Bonds shall bear no interest. Commencing September 1, 2010, principal on 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 authorize the Commission to electronically debit its monthly payments. 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 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:

(i) Claywood Park Public Service District Sewer Revenue Bonds, Series 1989 A (West Virginia Water Development Authority), dated October 10, 1989, issued in the original aggregate principal amount of $2,801,862; and

(ii) Claywood Park Public Service District Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated January 4, 2001, issued in the original aggregate principal amount of $1,800,000.

There are outstanding obligations of the Issuer which will rank junior and subordinate to the Series 2008 Bonds as to liens, pledge of and security for payment, being:

(i) Claywood Park Public Service District Sewer Revenue Bonds, Series 1989 B (West Virginia Water Development Authority), dated October 10, 1989, issued in the original aggregate principal amount of $415,340.

$1,500,000 SCHEDULE Y

Claywood Park Public Service District
40 Years; 0% Interest Rate
Closing Date: October 27, 2008

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	-	-	-
12/01/2009	-	-	-
03/01/2010	-	-	-
06/01/2010	-	-	-
09/01/2010	9,804.00	-	9,804.00
12/01/2010	9,804.00	-	9,804.00
03/01/2011	9,804.00	-	9,804.00
06/01/2011	9,804.00	-	9,804.00
09/01/2011	9,804.00	-	9,804.00
12/01/2011	9,804.00	-	9,804.00
03/01/2012	9,804.00	-	9,804.00
06/01/2012	9,804.00	-	9,804.00
09/01/2012	9,804.00	-	9,804.00
12/01/2012	9,804.00	-	9,804.00
03/01/2013	9,804.00	-	9,804.00
06/01/2013	9,804.00	-	9,804.00
09/01/2013	9,804.00	-	9,804.00
12/01/2013	9,804.00	-	9,804.00
03/01/2014	9,804.00	-	9,804.00
06/01/2014	9,804.00	-	9,804.00
09/01/2014	9,804.00	-	9,804.00
12/01/2014	9,804.00	-	9,804.00
03/01/2015	9,804.00	-	9,804.00
06/01/2015	9,804.00	-	9,804.00
09/01/2015	9,804.00	-	9,804.00
12/01/2015	9,804.00	-	9,804.00
03/01/2016	9,804.00	-	9,804.00
06/01/2016	9,804.00	-	9,804.00
09/01/2016	9,804.00	-	9,804.00
12/01/2016	9,804.00	-	9,804.00
03/01/2017	9,804.00	-	9,804.00
06/01/2017	9,804.00	-	9,804.00
09/01/2017	9,804.00	-	9,804.00
12/01/2017	9,804.00	-	9,804.00
03/01/2018	9,804.00	-	9,804.00
06/01/2018	9,804.00	-	9,804.00
09/01/2018	9,804.00	-	9,804.00
12/01/2018	9,804.00	-	9,804.00
03/01/2019	9,804.00	-	9,804.00
06/01/2019	9,804.00	-	9,804.00
09/01/2019	9,804.00	-	9,804.00

$1,500,000

Claywood Park Public Service District
40 Years; 0% Interest Rate
Closing Date: October 27, 2008

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
12/01/2019	9,804.00	-	9,804.00
03/01/2020	9,804.00	-	9,804.00
06/01/2020	9,804.00	-	9,804.00
09/01/2020	9,804.00	-	9,804.00
12/01/2020	9,804.00	-	9,804.00
03/01/2021	9,804.00	-	9,804.00
06/01/2021	9,804.00	-	9,804.00
09/01/2021	9,804.00	-	9,804.00
12/01/2021	9,804.00	-	9,804.00
03/01/2022	9,804.00	-	9,804.00
06/01/2022	9,804.00	-	9,804.00
09/01/2022	9,804.00	-	9,804.00
12/01/2022	9,804.00	-	9,804.00
03/01/2023	9,804.00	-	9,804.00
06/01/2023	9,804.00	-	9,804.00
09/01/2023	9,804.00	-	9,804.00
12/01/2023	9,804.00	-	9,804.00
03/01/2024	9,804.00	-	9,804.00
06/01/2024	9,804.00	-	9,804.00
09/01/2024	9,804.00	-	9,804.00
12/01/2024	9,804.00	-	9,804.00
03/01/2025	9,804.00	-	9,804.00
06/01/2025	9,804.00	-	9,804.00
09/01/2025	9,804.00	-	9,804.00
12/01/2025	9,804.00	-	9,804.00
03/01/2026	9,804.00	-	9,804.00
06/01/2026	9,804.00	-	9,804.00
09/01/2026	9,804.00	-	9,804.00
12/01/2026	9,804.00	-	9,804.00
03/01/2027	9,804.00	-	9,804.00
06/01/2027	9,804.00	-	9,804.00
09/01/2027	9,804.00	-	9,804.00
12/01/2027	9,804.00	-	9,804.00
03/01/2028	9,804.00	-	9,804.00
06/01/2028	9,804.00	-	9,804.00
09/01/2028	9,804.00	-	9,804.00
12/01/2028	9,804.00	-	9,804.00
03/01/2029	9,804.00	-	9,804.00
06/01/2029	9,804.00	-	9,804.00
09/01/2029	9,804.00	-	9,804.00
12/01/2029	9,804.00	-	9,804.00
03/01/2030	9,804.00	-	9,804.00
06/01/2030	9,804.00	-	9,804.00
09/01/2030	9,804.00	-	9,804.00

$1,500,000

Claywood Park Public Service District
40 Years; 0% Interest Rate
Closing Date: October 27, 2008

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I
12/01/2030	9,804.00	-	9,804.00
03/01/2031	9,804.00	-	9,804.00
06/01/2031	9,804.00	-	9,804.00
09/01/2031	9,804.00	-	9,804.00
12/01/2031	9,804.00	-	9,804.00
03/01/2032	9,804.00	-	9,804.00
06/01/2032	9,804.00	-	9,804.00
09/01/2032	9,804.00	-	9,804.00
12/01/2032	9,804.00	-	9,804.00
03/01/2033	9,804.00	-	9,804.00
06/01/2033	9,804.00	-	9,804.00
09/01/2033	9,804.00	-	9,804.00
12/01/2033	9,804.00	-	9,804.00
03/01/2034	9,804.00	-	9,804.00
06/01/2034	9,804.00	-	9,804.00
09/01/2034	9,804.00	-	9,804.00
12/01/2034	9,804.00	-	9,804.00
03/01/2035	9,804.00	-	9,804.00
06/01/2035	9,804.00	-	9,804.00
09/01/2035	9,804.00	-	9,804.00
12/01/2035	9,804.00	-	9,804.00
03/01/2036	9,804.00	-	9,804.00
06/01/2036	9,804.00	-	9,804.00
09/01/2036	9,804.00	-	9,804.00
12/01/2036	9,804.00	-	9,804.00
03/01/2037	9,804.00	-	9,804.00
06/01/2037	9,804.00	-	9,804.00
09/01/2037	9,804.00	-	9,804.00
12/01/2037	9,804.00	-	9,804.00
03/01/2038	9,804.00	-	9,804.00
06/01/2038	9,804.00	-	9,804.00
09/01/2038	9,804.00	-	9,804.00
12/01/2038	9,804.00	-	9,804.00
03/01/2039	9,804.00	-	9,804.00
06/01/2039	9,804.00	-	9,804.00
09/01/2039	9,804.00	-	9,804.00
12/01/2039	9,804.00	-	9,804.00
03/01/2040	9,804.00	-	9,804.00
06/01/2040	9,804.00	-	9,804.00
09/01/2040	9,804.00	-	9,804.00
12/01/2040	9,804.00	-	9,804.00
03/01/2041	9,804.00	-	9,804.00
06/01/2041	9,804.00	-	9,804.00
09/01/2041	9,804.00	-	9,804.00

$1,500,000

Claywood Park Public Service District
40 Years; 0% Interest Rate
Closing Date: October 27, 2008

Debt Service Schedule

Part 4 of 4

Date	Principal	Coupon	Total P+I
12/01/2041	9,804.00	-	9,804.00
03/01/2042	9,804.00	-	9,804.00
06/01/2042	9,804.00	-	9,804.00
09/01/2042	9,804.00	-	9,804.00
12/01/2042	9,804.00	-	9,804.00
03/01/2043	9,804.00	-	9,804.00
06/01/2043	9,804.00	-	9,804.00
09/01/2043	9,804.00	-	9,804.00
12/01/2043	9,804.00	-	9,804.00
03/01/2044	9,804.00	-	9,804.00
06/01/2044	9,804.00	-	9,804.00
09/01/2044	9,804.00	-	9,804.00
12/01/2044	9,804.00	-	9,804.00
03/01/2045	9,804.00	-	9,804.00
06/01/2045	9,804.00	-	9,804.00
09/01/2045	9,804.00	-	9,804.00
12/01/2045	9,803.00	-	9,804.00
03/01/2046	9,803.00	-	9,803.00
06/01/2046	9,803.00	-	9,803.00
09/01/2046	9,803.00	-	9,803.00
12/01/2046	9,803.00	-	9,803.00
03/01/2047	9,803.00	-	9,803.00
06/01/2047	9,803.00	-	9,803.00
09/01/2047	9,803.00	-	9,803.00
12/01/2047	9,803.00	-	9,803.00
03/01/2048	9,803.00	-	9,803.00
06/01/2048	9,803.00	-	9,803.00
09/01/2048	9,803.00	-	9,803.00
Total	**$1,500,000.00**	-	**$1,500,000.00**

SCHEDULE Z

None.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
4/20/2008

Entered: March 31, 2008

CASE NO. 07-2390-PSD-CN

CLAYWOOD PARK PUBLIC SERVICE DISTRICT
Parkersburg, Wood County.
Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing wastewater system; and for approval of the related financing.

RECOMMENDED DECISION

On December 27, 2007, the Claywood Park Public Service District (Utility) filed an application for a certificate of convenience and necessity to construct certain additions and improvements to the Utility's existing sewer system.

On December 27, 2007, the Commission ordered the Utility to publish notice of its filing in Wood County.

On January 9, 2008, the Commission referred the matter requiring a decision to be rendered on or before May 12, 2008.

On January 11, 2008, the Utility filed its affidavit of publication indicating that the notice of filing was properly published in a newspaper in Wood County. There have been no protests filed pursuant to the notice.

On March 26, 2008, Staff recommended that the Utility be granted a certificate for the project.

FINDINGS OF FACT

1. On December 27, 2007, the Utility filed an application for a certificate of convenience and necessity. (See application).

2. The Utility currently serves 1,229 residential and 12 commercial customers and the project will add an additional 339 customers. (See Staff filing of March 26, 2008).

3. The project includes both the expansion of its sewage collection system and the upgrading of its treatment plant. (Id.).

4. The project includes the construction of an additional 8,944 feet of gravity sewer main, 67,751 feet of pressure sewer main, 9 manholes, 3,000 feet of highway borings, 19 grinder pumps, 4 tie-ins to

existing sewers and 4 new lift stations. (See Staff filing of March 26, 2008).

5. The wastewater treatment plant upgrade will increase its capacity from 240,000 gallons per day to 333,000 gallons per day and includes upgrading the SBR basins and aeration system, installing new headworks and upgrading the UV disinfection system, effluent lift station and a belt filter press. (Id.).

6. The new customers will be on the Mill Run Road, Dutch Ridge Road and Red Hill Road areas. Existing sewer facilities for the area include four package plants and sewer lagoons, most of which are in violation of Division of Environment Protection (DEP) regulations. (Id.).

7. The Utility's existing treatment plant currently has problems with its aeration system, sludge-handling and discharging of effluent. (Id.).

8. The project cost per new customer is $20,649, which Staff viewed as "somewhat high." However, the project will also benefit the entire customer base. (Id.).

9. The engineering costs for the project are 14.5% of the construction cost. (Id.).

10. The project is anticipated to increase the operations and maintenance expense for the Utility by $61,469. (Id.).

11. The plans and specifications have been reviewed and approved by the DEP. (Id.).

12. The plans and specifications substantially conform to Commission rules and regulations. (Id.).

13. The project is estimated to cost $7,000,000. (Id.).

14. Proposed financing is through a $1,500,000 West Virginia Infrastructure and Jobs Development Council (WVIJDC) loan at 0% interest for forty (40) years; a WVIJDC grant in the amount of $500,000; and a Clean Water State Revolving Fund $5,000,000 wrap loan at 0% interest with a 0.5% administrative fee for thirty (30) years with debt service scheduled to begin within two (2) years with increasing payments as existing Series 1989 bonds are repaid. (Id.).

15. The Utility is not proposing to increase its rates as a result of the project. The proposed annual revenues are projected to increase by $198,539 whereas the annual O&M expenses are projected to increase by $80,044 and debt service and reserve requirements will increase by $117,596. The remaining cash surplus is projected to decrease $249, resulting in a total cash flow surplus of $3,999 and a debt coverage of 122%. (Id.).

16. Staff concluded that the project is financially feasible. (Id.).

17. Even though rates are not going to increase, Staff recommended a replacement tariff to bring the Utility's tariff language into compliance with the Commission's current tariff rules. (See Staff filing of March 26, 2008).

18. Staff recommended that the Utility be granted its certificate and that the project's financing be approved. (Id.).

CONCLUSIONS OF LAW

1. Public convenience and necessity require the proposed project.

2. The proposed financing is reasonable and should be approved.

3. The application for a certificate of convenience and necessity should be granted to the Utility without a hearing.

4. The Utility should be required to bring its tariff language into compliance with the Commission's current Tariff Rules by adopting the attached tariff.

ORDER

IT IS, THEREFORE, ORDERED that the Claywood Park Public Service District be, and hereby is, granted a certificate of convenience and necessity to construct a sewer extension and improvements to its treatment plant, which were described in its application filed with the Commission on December 27, 2007. The cost of the approved project shall not exceed $7,000,000. Approval is contingent upon the Utility obtaining all necessary state and federal permits before construction.

IT IS FURTHER ORDERED that the proposed financing, consisting of a West Virginia Infrastructure and Jobs Development Council loan at 0% interest for forty (40) years in the amount of $1,500,000, a WVIJDC grant in the amount of $500,000, and a Clean Water State Revolving Fund wrap loan in the amount of $5,000,000 at 0% interest for thirty (30) years with a .05% administrative fee, with certain step-ups to occur as existing Series 1989 bonds are repaid, be, and hereby is, approved.

IT IS FURTHER ORDERED that, if there are any changes in the plans, financing or scope of the project, the Utility must seek Commission approval of those changes. If any changes in the project cost result in a modification of rates, the Utility must seek Commission approval of such changes. If project-related rates remain unchanged, but the project costs change, the Utility must file an affidavit executed by a certified public accountant verifying that the modifications to the project cost will not impact the necessary rates and charges.

IT IS FURTHER ORDERED that the Utility file with the Commission a copy of the engineer's certified bid tabulations for all contracts awarded on this project, as soon as they are available.

IT IS FURTHER ORDERED that the Utility file with the Commission a copy of the certificate of substantial completion issued for each construction contract associated with the project as soon as each is available.

IT IS FURTHER ORDERED that the Utility comply with all rules and regulations of the Division of Highways regarding the use of the Division of Highways rights-of-way.

IT IS FURTHER ORDERED that the attached tariff be, and hereby is, approved for use by the Utility for all service rendered by it on and after the date that this Order becomes final, in order to bring the Utility's tariff into compliance with the Commission's current Tariff Rules. The rates in the tariff are the same as the Utility's existing rates. The Utility shall file with the Commission a proper revised tariff sheet and at least five (5) copies within thirty (30) days of the date that this Order becomes a Final Order of the Commission.

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

IT IS FURTHER ORDERED that the Executive Secretary remove this matter from the open docket.

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

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

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

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

K. A. George

Keith A. George
Administrative Law Judge

KAG:lc
072390a.wpd

APPENDIX A

CLAYWOOD PARK PUBLIC SERVICE DISTRICT - SEWER
CASE NO. 07-2390-PSD-CN

APPLICABILITY
Applicable within the entire territory served.

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

RATE (Customers with metered water supply)

Service Charge	$12.67 per month
Commodity Charge	$ 8.03 per 1,000 gallons of water usage

FLAT RATE CHARGE (customers with non-metered water supply)
Equivalent of 4,500 gallons of water usage - $48.84 per month.

MINIMUM CHARGE
No bill will be rendered for less than $12.67 per month.

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

TAP FEE
The following charge is to be made whenever the utility installs a new tap to serve an applicant.

A tap fee of $350 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

LEAK ADJUSTMENT
$0.81 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

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

SURFACE OR GROUND WATER SURCHARGE

An additional amount shall be charged where surface or ground water is introduced into the sanitary system where evidence of a violation exists.

Surcharge formula to be applied in cases where surface drainage is connected to the utility's sewer system.

APPLICABILITY

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

$$S = A \times R \times 0.0006233 \times C$$

S = The surcharge in dollars
A = The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet.
R = The measured monthly rainfall, in inches
0.0006233 = A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water.
C = The utility's approved rate per thousand gallons of metered water usage.

The utility shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing or on-site inspection that rain or surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system. Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the rules of the Public Service Commission of West Virginia.

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

Case No.: 07-2390-PSD-CN

CLAYWOOD PARK PUBLIC SERVICE DISTRICT, WOOD COUNTY, WEST VIRGINIA

Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing wastewater system; and for approval of the financing thereof

STATE OF WEST VIRGINIA

COUNTY OF CABELL, TO-WIT:

AFFIDAVIT

I, Rodman G. Lowe, CPA, after making an oath of affirmation to tell the truth, say that I have reviewed the Recommended Decision of the Public Service Commission of West Virginia in Case No. 07-2390-PSD-CN, dated March 31, 2008, and the proposed debt service for Claywood Park Public Service District (the "District") Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program) proposed to be issued with a graduated debt service in the aggregate principal amount of approximately $5,000,000 at a 0% interest rate with an administrative fee of 0.5% and Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund) proposed to be issued in the aggregate principal mount of approximately $1,500,000 at a 0% interest rate over 40 years (the "Bonds"), and based upon all the information that has been provided to me to date, I am of the opinion that the rates and charges for the District (i) are not affected by an additional $500,000 loan committed by the West Virginia SRF Program at 0% with 0.5% administrative fee and graduated debt service to the Project to cover the costs of a bid overrun; and (ii) will be sufficient to provide revenues which, together with other revenues of the System, will allow me to provide the CPA certification required for the issuance of the Bonds.

This Affidavit is executed on the 14th day of October, 2008.

Rodman G. Lowe

Rodman G. Lowe, CPA

Taken, subscribed and sworn to before me this 14TH day of October, 2008.

My commission expires 9-11-17.

[SEAL]

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
Jessica R. Rosenberg
9 Long Street
Winfield, WV 25213
My Commission Expires September 11, 2017

Jessica R. Rosenberg

Notary Public

West Virginia Infrastructure & Jobs Development Council

Public Members:
Kenneth Lowe, Jr.
Shepherdstown
Dwight Calhoun
Petersburg
Dave McComas
Prichard
Ron Justice
Morgantown

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

September 4, 2008

Todd Grinstead, General Manager
Claywood Park Public Service District
P.O. Box 127
Parkersburg, West Virginia 26102

Re: Claywood Park Public Service District
Sewer Project 95S-148

Dear Mr. Grinstead:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Claywood Park Public Service District's (the "District") revised preliminary application to construct a wastewater collection system to serve Red Hill, Mill Run Road, Dutch Ridge Road, Scenic Hills I, Scenic Hills II and Dutch Hills Terrace subdivision (the "Project").

Based on the findings of the Sewer Technical Review Committee, the Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The District should carefully review the enclosed comments of the Sewer Technical Review Committee as the District may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the revised preliminary application, the Council determined that the District should utilize a $5,000,000 Clean Water State Revolving Fund loan (graduated debt service), a $1,500,000 Infrastructure Fund loan (0%, 40 years), a $500,000 Infrastructure Fund grant and pursue an additional $500,000 Clean Water State Revolving Fund loan (graduated debt service) to fund this $7,500,000 project. Please contact the West Virginia Department of Environmental Protection office at (304) 926-0499 for specific information on the steps the District needs to follow to apply for these funds. **Please note that this letter <u>does not</u> constitute funding approval from this agency.**

If you have any questions regarding this matter, please contact Jeff Brady at (304) 558-4607.

Sincerely,

Kenneth Lowe, Jr.

cc: Mike Johnson, P.E., DEP (w/o enclosure) (via e-mail)
Region V Planning & Development Council
Cerrone Associates, Inc.

West Virginia Infrastructure & Jobs Development Council

Public Members:
Kenneth Lowe, Jr.
Shepherdstown
Dwight Calhoun
Petersburg
Dave McComas
Prichard
Ron Justice
Morgantown

300 Summers Street, Suite 980
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

September 17, 2007

Todd Grinstead, General Manager
Claywood Park Public Service District
P. O. Box 127
Parkersburg, West Virginia 26102

Re: Claywood Park Public Service District
Binding Commitment Letter
Sewer Project 95S-148

Dear Mr. Grinstead:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer of an Infrastructure Fund loan (0%, 40 years) of approximately $1,500,000 (the "Loan") and an Infrastructure Fund grant of approximately $500,000 (the "Grant") to the Claywood Park Public Service District (the "District") for above referenced water project (the "Project"). The Loan and Grant will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan and Grant amounts will be established after the District has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan and Grant upon the District's compliance with the program requirements.

This commitment is contingent upon the Project meeting the following schedule:

a. File Certificate Case with the Public Service Commission no later than November 15, 2007;
b. Advertise for bids no later than May 15, 2008.
(The District must receive authority from the Infrastructure Council before bidding the project.)

The Infrastructure Council reserves the right to withdraw this Loan and Grant commitment if any of the above schedule dates are not met. The Infrastructure Council may, when justifiable circumstances occur, offer to modify the schedule. Any decision to modify the schedule is at the sole discretion of the Infrastructure 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 Infrastructure 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 Infrastructure Council if any of the other dates on the attached schedule have or will not be met.

The Water Development Authority (the "Authority"), on behalf of the Infrastructure Council, will enter into Loan and Grant agreements with the District following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing construction and financing of the Project, evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; evidence of compliance with the WV Jobs Act; and any other documents requested by the Infrastructure Council.

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

If the District has any questions regarding this commitment, please contact Jeff Brady at the above-referenced telephone number.

Sincerely,

Kenneth Lowe, Jr.

Attachments
cc: John Stump, Steptoe & Johnson
Manning Frymier, Cerrone
Mike Johnson, DEP

NOTE: This letter is sent in triplicate. Please acknowledge receipt and immediately return two copies to the Infrastructure Council.

Claywood Park Public Service District

By:_____

Its: _____

Date:_____

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Claywood Park Public Service District
Water Project 95S-148
September 17, 2007

SCHEDULE A

A.	Approximate Amount:	$1,500,000 $ 500,000	Loan Grant
B.	Loan:		$1,500,000
	1. Maturity Date:		40 years from date of closing.
	2. Interest Rate:		0%
	3. Loan Advancement Date(s)		Monthly, upon receipt of proper requisition
	4. Debt Service Commencement:		The first quarter following completion of construction, which date must be identified prior to closing.
	5. Special Conditions:		None
C.	Grant:		$500,000
	1. Grant Advancement Date(s):		Monthly, upon receipt of proper requisition and after complete advancement of all Loan funding.
	2. Special Conditions:		None
	NOTICE:	The terms set forth above are subject to change following the receipt of construction bids.	
D.	Other Funding Sources: CWSRF loan		$5,000,000
E.	Total Project Cost:		$7,000,000

PROJECT SCHEDULE

Project: Claywood Park PSD
County: Wood
Project No.: 95S-148
Date: September 6, 2007

Funding:

IJDC Loan	$1,500,000
IJDC Grant	$500,000
CWSRF Loan	$5,000,000
Total Project:	$7,000,000

Project Milestone	Responsible Party	Start	Completion
Engineering Agreement	PSD / Cerrone	Complete	Complete
Prepare & Submit Plans & Specs to DEP	Cerrone	Complete	Complete
Plans & Specs Review & Approval	DEP	9/1/2007	10/15/2007
Prepare & Submit All Permit Applications	Cerrone	8/15/2007	1/15/2008
Prepare Rule 42	Cerrone	8/15/2007	11/1/2007
Prepare & Implement Rate Ordinance	NA	NA	NA
File PSC Certificate Case	Attorney	11/15/2007	11/15/2007
Review and Approve PSC Certificate (180 or 270 days)	PSC	11/15/2007	8/15/2008
Rights-of-way, Easements & Land Acquisition	Bowles, Rice	2006	3/1/2008
Authority to Advertise for Bids	IJDC / DEP	5/15/2008	5/15/2008
Advertise for Bids	Cerrone	5/15/2008	6/15/2008
Bid Opening	Cerrone	6/15/2008	6/15/2008
Loan Closing	Steptoe & Johnson	9/15/2008	9/15/2008
Construction	Contractor	9/15/2008	9/15/2009

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 27th day of October, 2008, 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 Claywood Park Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), of the Issuer, in the principal amount of $5,500,000, numbered AR-1 (the "Series 2008 A Bonds"), and the Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $1,500,000, numbered BR-1 (the "Series 2008 B Bonds"), both issued as a single, fully registered Bond, and both dated October 27, 2008.

2. At the time of such receipt, all the Series 2008 A Bonds and the Series 2008 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 2008 A Bonds, of $275,000, being a portion of the principal amount of the Series 2008 A Bonds. The balance of the principal amount of the Series 2008 A Bonds will be advanced by the Authority and the West Virginia Department of Environmental Protection 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 2008 B Bonds, of $684,303, being a portion of the principal amount of the Series 2008 B Bonds. The balance of the principal amount of the Series 2008 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.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Barbara B Meadows
Its: Authorized Representative

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

10.14.08
163950.00001

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 27th day of October, 2008, there are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of Claywood Park Public Service District Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), in the principal amount of $5,500,000 (the "Series 2008 A Bonds"), and Bond No. BR-1, constituting the entire original issue of Claywood Park Public Service District Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), in the principal amount of $1,500,000 (the "Series 2008 B Bonds"), both dated October 27, 2008 (collectively, the "Bonds"), executed by the Chairman and Secretary of Claywood Park 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 October 21, 2008, and a Supplemental Resolution duly adopted by the Issuer on October 21, 2008 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of a bond purchase agreement for the Series 2008 A Bonds, dated October 8, 2008, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Bond Purchase Agreement"), and a loan agreement for the Series 2008 B Bonds, dated October 27, 2008, by and between the Issuer and

the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement") (collectively, the Bond Purchase Agreement and the Loan Agreement are referred to as the "Loan Agreements"); and

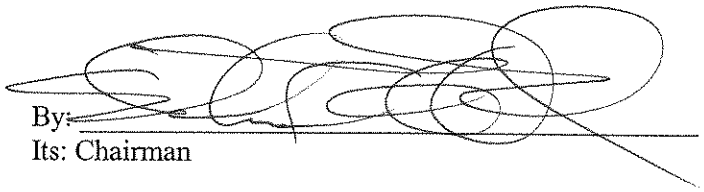
(4) Executed opinions of nationally recognized bond counsel regarding the validity of the Loan Agreements and the Bonds.

You are hereby requested and authorized to deliver the Series 2008 A Bonds to the Authority upon payment to the Issuer of the sum of $275,000, representing a portion of the principal amount of the Series 2008 A Bonds. You are also hereby requested and authorized to deliver the Series 2008 B Bonds to the Authority upon payment to the Issuer of the sum of $684,303, representing a portion of the principal amount of the Series 2008 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 forms of Certificate of Authentication and Registration thereon.

[Remainder of Page Intentionally Left Blank]

Dated as of the day and year first written above.

CLAYWOOD PARK PUBLIC SERVICE DISTRICT



By: _____
Its: Chairman

10.14.08
163950.00001

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CLAYWOOD PARK PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA SRF PROGRAM)

SPECIMEN

No. AR-1 $5,500,000

KNOW ALL MEN BY THESE PRESENTS: The 27th day of October, 2008, that CLAYWOOD PARK PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Wood 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 FIVE MILLION FIVE HUNDRED THOUSAND DOLLARS ($5,500,000), 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, 2010 to and including December 1, 2041, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF 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, 2010, as set forth on said EXHIBIT B.

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 Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated October 8, 2008.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage 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 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the

"Act"), and a Bond Resolution duly adopted by the Issuer on October 21, 2008, and a Supplemental Resolution duly adopted by the Issuer on October 21, 2008 (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: (1) SEWER REVENUE BONDS, SERIES 1989 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED OCTOBER 10, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,801,862 (THE "SERIES 1989 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 2001 A (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 4, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,800,000 (THE "SERIES 2001 A BONDS") (COLLECTIVELY, THE "FIRST LIEN BONDS") AND (3) SEWER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED OCTOBER 27, 2008, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,500,000.

THIS BOND IS ISSUED SENIOR AND PRIOR TO, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT AND IN ALL RESPECTS WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1989 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED OCTOBER 10, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $415,340 (THE "SERIES 1989 B BONDS" AND COLLECTIVELY WITH THE FIRST LIEN BONDS, THE "PRIOR 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 2008 B Bonds and the First Lien Bonds and senior and prior to the Series 1989 B Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2008 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2008 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount 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 or junior to the Bonds, including the Series 2008 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2008 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered 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 Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

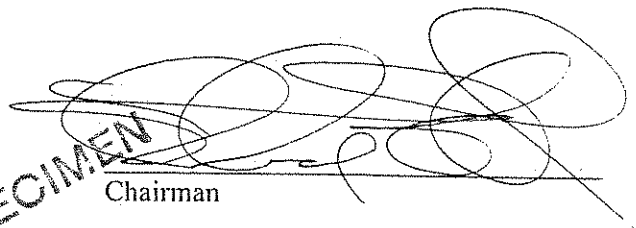
All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation,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

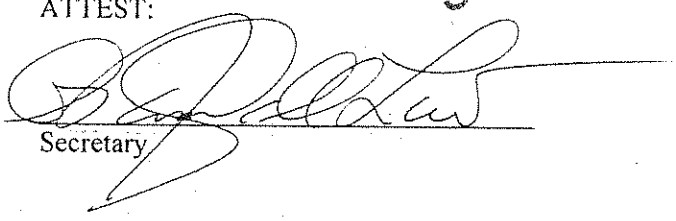
IN WITNESS WHEREOF, CLAYWOOD PARK PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the day and year first written above.

[SEAL]



Chairman

ATTEST:



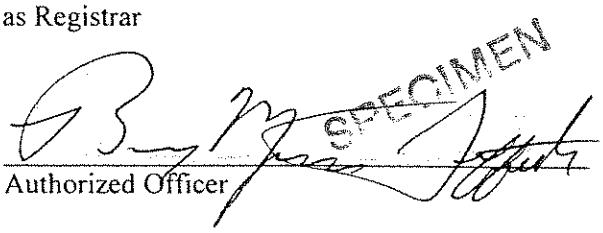
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 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: October 27, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar



Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $275,000	October 27, 2008	(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

$5,500,000
Claywood Park Public Service District
0% Interest Rate; 0.5% Admin Fee
Closing Date: October 27, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I	Calendar Year Total
10/27/2008	-	-	-	-
12/01/2008	-	-	-	-
03/01/2009	-	-	-	-
06/01/2009	-	-	-	-
09/01/2009	-	-	-	-
12/01/2009	-	-	-	-
03/01/2010	-	-	-	-
06/01/2010	-	-	-	-
09/01/2010	15,199.00	-	15,199.00	-
12/01/2010	15,199.00	-	15,199.00	30,398.00
03/01/2011	15,199.00	-	15,199.00	-
06/01/2011	15,199.00	-	15,199.00	-
09/01/2011	15,199.00	-	15,199.00	-
12/01/2011	15,199.00	-	15,199.00	60,796.00
03/01/2012	15,199.00	-	15,199.00	-
06/01/2012	15,199.00	-	15,199.00	-
09/01/2012	15,199.00	-	15,199.00	-
12/01/2012	15,199.00	-	15,199.00	60,796.00
03/01/2013	15,199.00	-	15,199.00	-
06/01/2013	15,199.00	-	15,199.00	-
09/01/2013	15,199.00	-	15,199.00	-
12/01/2013	15,199.00	-	15,199.00	60,796.00
03/01/2014	15,199.00	-	15,199.00	-
06/01/2014	15,199.00	-	15,199.00	-
09/01/2014	15,199.00	-	15,199.00	-
12/01/2014	15,199.00	-	15,199.00	60,796.00
03/01/2015	15,199.00	-	15,199.00	-
06/01/2015	15,199.00	-	15,199.00	-
09/01/2015	15,199.00	-	15,199.00	-
12/01/2015	15,199.00	-	15,199.00	60,796.00
03/01/2016	15,199.00	-	15,199.00	-
06/01/2016	15,199.00	-	15,199.00	-
09/01/2016	15,199.00	-	15,199.00	-
12/01/2016	15,199.00	-	15,199.00	60,796.00
03/01/2017	15,199.00	-	15,199.00	-
06/01/2017	15,199.00	-	15,199.00	-
09/01/2017	15,199.00	-	15,199.00	-
12/01/2017	15,199.00	-	15,199.00	60,796.00
03/01/2018	15,199.00	-	15,199.00	-
06/01/2018	15,199.00	-	15,199.00	-
09/01/2018	15,199.00	-	15,199.00	-
12/01/2018	15,199.00	-	15,199.00	60,796.00
03/01/2019	15,199.00	-	15,199.00	-

$5,500,000
Claywood Park Public Service District
0% Interest Rate; 0.5% Admin Fee
Closing Date: October 27, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I	Calendar Year Total
06/01/2019	15,199.00	-	15,199.00	-
09/01/2019	15,199.00	-	15,199.00	-
12/01/2019	15,199.00	-	15,199.00	60,796.00
03/01/2020	15,199.00	-	15,199.00	-
06/01/2020	15,199.00	-	15,199.00	-
09/01/2020	15,199.00	-	15,199.00	-
12/01/2020	15,199.00	-	15,199.00	60,796.00
03/01/2021	15,199.00	-	15,199.00	-
06/01/2021	15,199.00	-	15,199.00	-
09/01/2021	15,199.00	-	15,199.00	-
12/01/2021	15,199.00	-	15,199.00	60,796.00
03/01/2022	15,199.00	-	15,199.00	-
06/01/2022	15,199.00	-	15,199.00	-
09/01/2022	15,199.00	-	15,199.00	-
12/01/2022	15,199.00	-	15,199.00	60,796.00
03/01/2023	15,199.00	-	15,199.00	-
06/01/2023	15,199.00	-	15,199.00	-
09/01/2023	15,199.00	-	15,199.00	-
12/01/2023	15,199.00	-	15,199.00	60,796.00
03/01/2024	15,199.00	-	15,199.00	-
06/01/2024	15,199.00	-	15,199.00	-
09/01/2024	15,199.00	-	15,199.00	-
12/01/2024	15,199.00	-	15,199.00	60,796.00
03/01/2025	15,199.00	-	15,199.00	-
06/01/2025	15,199.00	-	15,199.00	-
09/01/2025	15,199.00	-	15,199.00	-
12/01/2025	15,199.00	-	15,199.00	60,796.00
03/01/2026	15,199.00	-	15,199.00	-
06/01/2026	15,199.00	-	15,199.00	-
09/01/2026	15,199.00	-	15,199.00	-
12/01/2026	15,199.00	-	15,199.00	60,796.00
03/01/2027	15,199.00	-	15,199.00	-
06/01/2027	15,199.00	-	15,199.00	-
09/01/2027	15,199.00	-	15,199.00	-
12/01/2027	15,199.00	-	15,199.00	60,796.00
03/01/2028	15,199.00	-	15,199.00	-
06/01/2028	15,199.00	-	15,199.00	-
09/01/2028	15,199.00	-	15,199.00	-
12/01/2028	15,199.00	-	15,199.00	60,796.00
03/01/2029	15,199.00	-	15,199.00	-
06/01/2029	15,199.00	-	15,199.00	-
09/01/2029	15,199.00	-	15,199.00	-
12/01/2029	15,199.00	-	15,199.00	60,796.00

$5,500,000
Claywood Park Public Service District
0% Interest Rate; 0.5% Admin Fee
Closing Date: October 27, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I	Calendar Year Total
03/01/2030	15,199.00	-	15,199.00	
06/01/2030	79,347.00	-	79,347.00	-
09/01/2030	79,347.00	-	79,347.00	-
12/01/2030	79,347.00	-	79,347.00	253,240.00
03/01/2031	79,347.00	-	79,347.00	-
06/01/2031	79,347.00	-	79,347.00	-
09/01/2031	79,347.00	-	79,347.00	-
12/01/2031	79,347.00	-	79,347.00	317,388.00
03/01/2032	79,347.00	-	79,347.00	-
06/01/2032	90,597.00	-	90,597.00	-
09/01/2032	90,597.00	-	90,597.00	-
12/01/2032	90,597.00	-	90,597.00	351,138.00
03/01/2033	90,597.00	-	90,597.00	-
06/01/2033	94,347.00	-	94,347.00	-
09/01/2033	94,347.00	-	94,347.00	-
12/01/2033	94,347.00	-	94,347.00	373,638.00
03/01/2034	94,347.00	-	94,347.00	-
06/01/2034	94,347.00	-	94,347.00	-
09/01/2034	94,346.00	-	94,346.00	-
12/01/2034	94,346.00	-	94,346.00	377,386.00
03/01/2035	94,346.00	-	94,346.00	-
06/01/2035	94,346.00	-	94,346.00	-
09/01/2035	94,346.00	-	94,346.00	-
12/01/2035	94,346.00	-	94,346.00	377,384.00
03/01/2036	94,346.00	-	94,346.00	-
06/01/2036	94,346.00	-	94,346.00	-
09/01/2036	94,346.00	-	94,346.00	-
12/01/2036	94,346.00	-	94,346.00	377,384.00
03/01/2037	94,346.00	-	94,346.00	-
06/01/2037	94,346.00	-	94,346.00	-
09/01/2037	94,346.00	-	94,346.00	-
12/01/2037	94,346.00	-	94,346.00	377,384.00
03/01/2038	94,346.00	-	94,346.00	-
06/01/2038	94,346.00	-	94,346.00	-
09/01/2038	94,346.00	-	94,346.00	-
12/01/2038	94,346.00	-	94,346.00	377,384.00
03/01/2039	94,346.00	-	94,346.00	-
06/01/2039	94,346.00	-	94,346.00	-
09/01/2039	94,346.00	-	94,346.00	-
12/01/2039	94,346.00	-	94,346.00	377,384.00
03/01/2040	94,346.00	-	94,346.00	-
06/01/2040	94,346.00	-	94,346.00	-
09/01/2040	94,346.00	-	94,346.00	-

$5,500,000
Claywood Park Public Service District
0% Interest Rate; 0.5% Admin Fee
Closing Date: October 27, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I	Calendar Year Total
12/01/2040	94,346.00	-	94,346.00	377,384.00
03/01/2041	94,346.00	-	94,346.00	-
06/01/2041	94,346.00	-	94,346.00	-
09/01/2041	94,346.00	-	94,346.00	-
12/01/2041	94,346.00	-	94,346.00	377,384.00
Total	**$5,500,000.00**	-	**$5,500,000.00**	-

*Plus $4,894.82 one-half percent Administrative Fee paid quarterly. Total fee paid over life of loan is $616,747.32.

(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: _____, 20___.

SPECIMEN

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CLAYWOOD PARK PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2008 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $1,500,000

KNOW ALL MEN BY THESE PRESENTS: The 27th day of October, 2008, that CLAYWOOD PARK PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Wood 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 ONE MILLION FIVE HUNDRED THOUSAND DOLLARS ($1,500,000), 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, 2010 to and including September 1, 2048 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 October 27, 2008.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage 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 (collectively, the

"Act"), and a Bond Resolution duly adopted by the Issuer on October 21, 2008, and a Supplemental Resolution duly adopted by the Issuer on October 21, 2008 (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: (1) SEWER REVENUE BONDS, SERIES 1989 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED OCTOBER 10, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,801,862 (THE "SERIES 1989 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM), DATED JANUARY 4, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,800,000 (THE "SERIES 2001 BONDS") (COLLECTIVELY, THE "FIRST LIEN BONDS"); AND (3) SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 27, 2008, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $5,500,000.

THIS BOND IS ISSUED SENIOR AND PRIOR TO, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT AND IN ALL RESPECTS WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1989 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED OCTOBER 10, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $415,340 (THE "SERIES 1989 B BONDS" AND COLLECTIVELY WITH THE FIRST LIEN BONDS, THE "PRIOR 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 2008 A Bonds and the First Lien Bonds and senior and prior to the Series 1989 B Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2008 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2008 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount 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 or junior to the Bonds, including the Series 2008 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2008 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2008 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered 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 Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

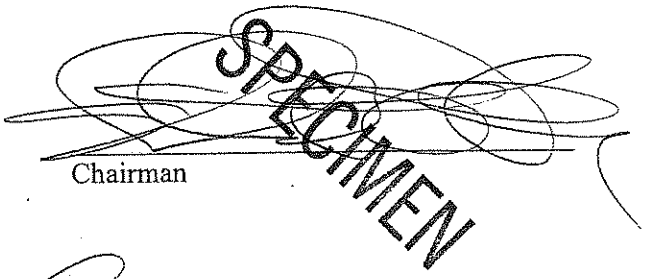
All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation,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

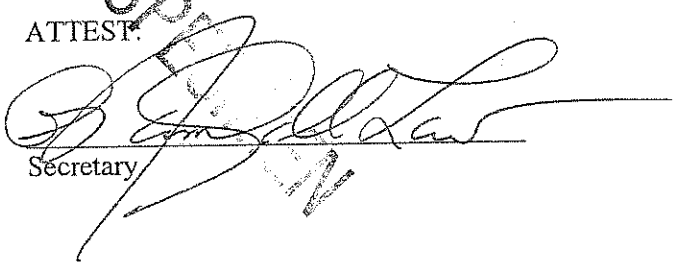
IN WITNESS WHEREOF, CLAYWOOD PARK PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the day and year first written above.

[SEAL]



Chairman

ATTEST:



Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 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: October 27, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $684,303	October 27, 2008	(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

$1,500,000

Claywood Park Public Service District (West Virginia)

40 Years; 0% Interest Rate

Closing Date: October 27, 2008

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	-	-	-
12/01/2009	-	-	-
03/01/2010	-	-	-
06/01/2010	-	-	-
09/01/2010	9,804.00	-	9,804.00
12/01/2010	9,804.00	-	9,804.00
03/01/2011	9,804.00	-	9,804.00
06/01/2011	9,804.00	-	9,804.00
09/01/2011	9,804.00	-	9,804.00
12/01/2011	9,804.00	-	9,804.00
03/01/2012	9,804.00	-	9,804.00
06/01/2012	9,804.00	-	9,804.00
09/01/2012	9,804.00	-	9,804.00
12/01/2012	9,804.00	-	9,804.00
03/01/2013	9,804.00	-	9,804.00
06/01/2013	9,804.00	-	9,804.00
09/01/2013	9,804.00	-	9,804.00
12/01/2013	9,804.00	-	9,804.00
03/01/2014	9,804.00	-	9,804.00
06/01/2014	9,804.00	-	9,804.00
09/01/2014	9,804.00	-	9,804.00
12/01/2014	9,804.00	-	9,804.00
03/01/2015	9,804.00	-	9,804.00
06/01/2015	9,804.00	-	9,804.00
09/01/2015	9,804.00	-	9,804.00
12/01/2015	9,804.00	-	9,804.00
03/01/2016	9,804.00	-	9,804.00
06/01/2016	9,804.00	-	9,804.00
09/01/2016	9,804.00	-	9,804.00
12/01/2016	9,804.00	-	9,804.00
03/01/2017	9,804.00	-	9,804.00
06/01/2017	9,804.00	-	9,804.00
09/01/2017	9,804.00	-	9,804.00
12/01/2017	9,804.00	-	9,804.00
03/01/2018	9,804.00	-	9,804.00
06/01/2018	9,804.00	-	9,804.00
09/01/2018	9,804.00	-	9,804.00
12/01/2018	9,804.00	-	9,804.00
03/01/2019	9,804.00	-	9,804.00
06/01/2019	9,804.00	-	9,804.00
09/01/2019	9,804.00	-	9,804.00

$1,500,000

Claywood Park Public Service District (West Virginia)

40 Years; 0% Interest Rate

Closing Date: October 27, 2008

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
12/01/2019	9,804.00	-	9,804.00
03/01/2020	9,804.00	-	9,804.00
06/01/2020	9,804.00	-	9,804.00
09/01/2020	9,804.00	-	9,804.00
12/01/2020	9,804.00	-	9,804.00
03/01/2021	9,804.00	-	9,804.00
06/01/2021	9,804.00	-	9,804.00
09/01/2021	9,804.00	-	9,804.00
12/01/2021	9,804.00	-	9,804.00
03/01/2022	9,804.00	-	9,804.00
06/01/2022	9,804.00	-	9,804.00
09/01/2022	9,804.00	-	9,804.00
12/01/2022	9,804.00	-	9,804.00
03/01/2023	9,804.00	-	9,804.00
06/01/2023	9,804.00	-	9,804.00
09/01/2023	9,804.00	-	9,804.00
12/01/2023	9,804.00	-	9,804.00
03/01/2024	9,804.00	-	9,804.00
06/01/2024	9,804.00	-	9,804.00
09/01/2024	9,804.00	-	9,804.00
12/01/2024	9,804.00	-	9,804.00
03/01/2025	9,804.00	-	9,804.00
06/01/2025	9,804.00	-	9,804.00
09/01/2025	9,804.00	-	9,804.00
12/01/2025	9,804.00	-	9,804.00
03/01/2026	9,804.00	-	9,804.00
06/01/2026	9,804.00	-	9,804.00
09/01/2026	9,804.00	-	9,804.00
12/01/2026	9,804.00	-	9,804.00
03/01/2027	9,804.00	-	9,804.00
06/01/2027	9,804.00	-	9,804.00
09/01/2027	9,804.00	-	9,804.00
12/01/2027	9,804.00	-	9,804.00
03/01/2028	9,804.00	-	9,804.00
06/01/2028	9,804.00	-	9,804.00
09/01/2028	9,804.00	-	9,804.00
12/01/2028	9,804.00	-	9,804.00
03/01/2029	9,804.00	-	9,804.00
06/01/2029	9,804.00	-	9,804.00
09/01/2029	9,804.00	-	9,804.00
12/01/2029	9,804.00	-	9,804.00
03/01/2030	9,804.00	-	9,804.00
06/01/2030	9,804.00	-	9,804.00
09/01/2030	9,804.00	-	9,804.00

$1,500,000

Claywood Park Public Service District (West Virginia)

40 Years; 0% Interest Rate

Closing Date: October 27, 2008

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I
12/01/2030	9,804.00	-	9,804.00
03/01/2031	9,804.00	-	9,804.00
06/01/2031	9,804.00	-	9,804.00
09/01/2031	9,804.00	-	9,804.00
12/01/2031	9,804.00	-	9,804.00
03/01/2032	9,804.00	-	9,804.00
06/01/2032	9,804.00	-	9,804.00
09/01/2032	9,804.00	-	9,804.00
12/01/2032	9,804.00	-	9,804.00
03/01/2033	9,804.00	-	9,804.00
06/01/2033	9,804.00	-	9,804.00
09/01/2033	9,804.00	-	9,804.00
12/01/2033	9,804.00	-	9,804.00
03/01/2034	9,804.00	-	9,804.00
06/01/2034	9,804.00	-	9,804.00
09/01/2034	9,804.00	-	9,804.00
12/01/2034	9,804.00	-	9,804.00
03/01/2035	9,804.00	-	9,804.00
06/01/2035	9,804.00	-	9,804.00
09/01/2035	9,804.00	-	9,804.00
12/01/2035	9,804.00	-	9,804.00
03/01/2036	9,804.00	-	9,804.00
06/01/2036	9,804.00	-	9,804.00
09/01/2036	9,804.00	-	9,804.00
12/01/2036	9,804.00	-	9,804.00
03/01/2037	9,804.00	-	9,804.00
06/01/2037	9,804.00	-	9,804.00
09/01/2037	9,804.00	-	9,804.00
12/01/2037	9,804.00	-	9,804.00
03/01/2038	9,804.00	-	9,804.00
06/01/2038	9,804.00	-	9,804.00
09/01/2038	9,804.00	-	9,804.00
12/01/2038	9,804.00	-	9,804.00
03/01/2039	9,804.00	-	9,804.00
06/01/2039	9,804.00	-	9,804.00
09/01/2039	9,804.00	-	9,804.00
12/01/2039	9,804.00	-	9,804.00
03/01/2040	9,804.00	-	9,804.00
06/01/2040	9,804.00	-	9,804.00
09/01/2040	9,804.00	-	9,804.00
12/01/2040	9,804.00	-	9,804.00
03/01/2041	9,804.00	-	9,804.00
06/01/2041	9,804.00	-	9,804.00
09/01/2041	9,804.00	-	9,804.00

$1,500,000

Claywood Park Public Service District (West Virginia)

40 Years; 0% Interest Rate

Closing Date: October 27, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
12/01/2041	9,804.00	-	9,804.00
03/01/2042	9,804.00	-	9,804.00
06/01/2042	9,804.00	-	9,804.00
09/01/2042	9,804.00	-	9,804.00
12/01/2042	9,804.00	-	9,804.00
03/01/2043	9,804.00	-	9,804.00
06/01/2043	9,804.00	-	9,804.00
09/01/2043	9,804.00	-	9,804.00
12/01/2043	9,804.00	-	9,804.00
03/01/2044	9,804.00	-	9,804.00
06/01/2044	9,804.00	-	9,804.00
09/01/2044	9,804.00	-	9,804.00
12/01/2044	9,804.00	-	9,804.00
03/01/2045	9,804.00	-	9,804.00
06/01/2045	9,804.00	-	9,804.00
09/01/2045	9,804.00	-	9,804.00
12/01/2045	9,803.00	-	9,803.00
03/01/2046	9,803.00	-	9,803.00
06/01/2046	9,803.00	-	9,803.00
09/01/2046	9,803.00	-	9,803.00
12/01/2046	9,803.00	-	9,803.00
03/01/2047	9,803.00	-	9,803.00
06/01/2047	9,803.00	-	9,803.00
09/01/2047	9,803.00	-	9,803.00
12/01/2047	9,803.00	-	9,803.00
03/01/2048	9,803.00	-	9,803.00
06/01/2048	9,803.00	-	9,803.00
09/01/2048	9,803.00	-	9,803.00
Total	**$1,500,000.00**	-	**$1,500,000.00**

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer 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: _____, 20____.

_____

In the presence of:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

October 27, 2008

Claywood Park Public Service District
Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program)

Claywood Park Public Service District
Parkersburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of
Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Claywood Park Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $5,500,000 Sewer Revenue Bonds, Series 2008 A (West Virginia SRF 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 a bond purchase agreement dated October 8, 2008, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Bond Purchase 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, 2010, to and including December 1, 2041, all as set forth in the "Schedule Y" attached to the Bond Purchase 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 22C, Article 2 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 improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

11(A)

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on October 21, 2008, as supplemented by a Supplemental Resolution duly adopted by the Issuer on October 21, 2008 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Bond Purchase 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 Bond Purchase Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Bond Purchase Agreement when used herein.

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

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

2. The Bond Purchase 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 DEP and cannot be amended by the Issuer so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the written consent of the Authority and the DEP.

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 against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Bond Purchase Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's (i) Sewer Revenue Bonds, Series 1989 A (West Virginia Water Development Authority), dated October 10, 1989, issued in the original aggregate principal amount of $2,801,862 (the "Series 1989 A Bonds"); (ii) Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated January 4, 2001, issued in the original aggregate principal amount of $1,800,000 (the "Series 2001 Bonds") (hereinafter collectively, the "First Lien Bonds") and (iii) Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund) , issued concurrently herewith in the original aggregate principal amount of $1,500,000, (the "Series 2008 B Bonds") and senior and prior to the Issuer's Sewer Revenue Bonds, Series 1989 B (West Virginia Water Development Authority), dated October 10, 1989, issued in the original aggregate principal amount of $415,340 (the "Series 1989 B Bonds" and collectively with the First Lien Bonds, the "Prior Bonds") all in accordance with the terms of the Bonds and the Bond Legislation.

5. 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 on the Bonds, if any, is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

6. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Bond Purchase Agreement and the Bond Legislation, and the liens and pledges set forth 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 and the application of equitable remedies 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.

Very truly yours,

STEPTOE & JOHNSON PLLC

10.24.08
163950.00001

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

October 27, 2008

Claywood Park Public Service District
Sewer Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

Claywood Park Public Service District
Parkersburg, 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 Claywood Park Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $1,500,000 Sewer Revenue Bonds, Series 2008 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 a loan agreement, dated October 27, 2008, 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, 2010, to and including September 1, 2048, 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 improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

11(B)

Clarksburg, WV • Charleston, WV • Morgantown, WV • Martinsburg, WV • Wheeling, WV
Huntington, WV • Columbus, OH

TERRALEX®
The Worldwide Network of Independent Law Firms

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on October 21, 2008, as supplemented by a Supplemental Resolution duly adopted by the Issuer on October 21, 2008 (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 created and validly existing public service district, public corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the 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 against the Issuer in accordance with their terms. 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 Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's: (i) Sewer Revenue Bonds, Series 1989 A (West Virginia Water Development Authority), dated October 10, 1989, issued in the original aggregate principal amount of $2,801,862 (the "Series 1989 A Bonds"); (ii) Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated January 4, 2001, issued in the original aggregate principal amount of $1,800,000 (the "Series 2001 Bonds") (hereinafter collectively, the "First Lien Bonds"); and (iii) Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), issued concurrently herewith in the original aggregate principal amount of $5,500,000, (the "Series 2008 A Bonds") and senior and prior to the Issuer's Sewer Revenue Bonds, Series 1989 B (West Virginia Water Development Authority), dated October 10, 1989, issued in the original aggregate principal amount of $415,340 (the "Series 1989 B Bonds" and collectively with the First Lien Bonds, the "Prior Bonds") all in accordance with the terms of the Bonds and the Bond Legislation.

5. 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 on the Bonds, if any, is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

6. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth 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 and the application of equitable remedies 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.

Very truly yours,

STEPTOE & JOHNSON PLLC

10.01.08
163950.00001

600 Quarrier Street
Charleston, West Virginia 25301
(304) 347-1100

101 South Queen Street
Martinsburg, West Virginia 25401
(304) 263-0836

7000 Hampton Center
Morgantown, West Virginia 26505
(304) 285-2500

Bowles Rice
McDavid Graff & Love LLP
Attorneys at Law

5th Floor, United Square
501 Avery Street
Parkersburg, West Virginia 26101

Post Office Box 49
Parkersburg, West Virginia 26102
(304) 485-8500

www.bowlesrice.com

333 West Vine Street, Suite 1700
Lexington, Kentucky 40507-1639
(859) 252-2202

480 West Jubal Early Drive
Suite 130
Winchester, Virginia 22601
(540) 723-8877

2400 Cranberry Square
Morgantown, West Virginia 26508
(304) 594-1000

October 27, 2008

Steven R. Hardman
Telephone — (304) 420-5521
Facsimile — (304) 420-5587

E-Mail Address:
shardman@bowlesrice.com

Claywood Park Public Service District
Parkersburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of
Environmental Protection
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Re: Claywood Park Public Service District
Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

Ladies and Gentlemen:

We are counsel to Claywood Park Public Service District, a public service district, in Wood County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinions of Steptoe & Johnson PLLC, as bond counsel, a bond purchase agreement for the Series 2008 A Bonds dated October 27, 2008, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection ("DEP"), a loan agreement for the Series 2008 B Bonds dated October 27, 2008, 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 Agreements"), the Bond Resolution duly adopted by the Issuer on October 21, 2008, as supplemented by the Supplemental Resolution duly adopted by the Issuer on October 21, 2008 (collectively, the "Bond Legislation"), orders of The County Commission of Wood County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer, and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (collectively, the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreements when used herein.

We are of the opinion that:

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.

The Loan Agreements have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding agreements of the Issuer enforceable in accordance with their terms.

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.

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

The execution and delivery of the Bonds and the Loan Agreements and the consummation of the transactions contemplated by the Bonds, the Loan Agreements 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 ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

To the best of 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, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreements, the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

We have ascertained that all successful bidders have made the required provisions for all insurance and payment and performance bonds and verified such insurance policies and bonds for accuracy. Based upon our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, We are of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreements; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Sincerely,

Steven R. Hardman

Steven R. Hardman

SRH/pss

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

October 27, 2008

Claywood Park Public Service District
Sewer Revenue Bonds Series 2008 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

Claywood Park Public Service District
Parkersburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure & Jobs development Council
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We are special counsel to Claywood Park Public Service District, a public service district in Wood County, West Virginia (the "Issuer"). As such counsel, we have represented the Issuer before the Public Service Commission of West Virginia in connection with the issuance of the above-referenced bonds, and the acquisition and construction of the Project. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

We are of the opinion that:

1. The Issuer has received all orders, certificates and authorizations from the Public Service Commission of West Virginia necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the implementation of rates and charges, 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 a Recommended Decision of the Public Service Commission of West Virginia entered on March 31, 2008,

Clarksburg, WV • Charleston, WV • Morgantown, WV • Martinsburg, WV • Wheeling, WV
Huntington, WV • Columbus, OH

TERRALEX® The Worldwide Network of Independent Law Firms

which became Final Order on April 20, 2008, in Case No. 07-2390-PSD-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 such Order has expired prior to the date hereof.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

600 Quarrier Street
Charleston, West Virginia 25301
(304) 347-1100

101 South Queen Street
Martinsburg, West Virginia 25401
(304) 263-0836

7000 Hampton Center, Suite K
Morgantown, West Virginia 26505
(304) 285-2500

Bowles Rice
McDavid Graff & Love LLP
Attorneys at Law

5th Floor, United Square
501 Avery Street
Parkersburg, West Virginia 26101

Post Office Box 49
Parkersburg, West Virginia 26102
(304) 485-8500

www.bowlesrice.com

333 West Vine Street, Suite 1700
Lexington, Kentucky 40507-1639
(859) 252-2202

480 West Jubal Early Drive
Suite 130
Winchester, Virginia 22601
(540) 723-8877

October 27, 2008

Steven R. Hardman
Telephone — (304) 420-5521
Facsimile — (304) 420-5587

E-Mail Address:
shardman@bowlesrice.com

Jefferson Brady
Executive Secretary
West Virginia Infrastructure and
Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

John Tingley
West Virginia Department of
Environmental Protection
601 57th Street SE
Charleston, West Virginia 25301

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

Re: Claywood Park Public Service District
Red Hill Sewer Project

Dear Mr. Brady and Mr. Tingley:

This firm represents Claywood Park Public Service District (the "District") with regard to a proposed project to construct an extension to its existing sewerage collection system to serve an additional 339 residents of Clay Magisterial District, Wood County, West Virginia (the "Project"), and provides this preliminary title opinion on behalf of the District to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the West Virginia Water Development Authority SRF Program (the "Fund") with regard to the Council and Fund financing of the Project. Please be advised of the following:

1. That I am of the opinion that the 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 Division of Environmental Protection.

2. That the District has obtained approval for all necessary permits.

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 Cerrone Associates, Inc., the consulting engineers for the Project.

4. That I have examined the records on file in the Office of the County Clerk of the County Commission of Wood County, West Virginia, the county in which the Project is to be located, and, in my opinion, the District has 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 District have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the District.

6. The 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 preliminary title opinion, please contact this office.

Sincerely,

Bowles Rice McDavid Graff & Love PLLC

Steven R. Hardman

Steven R. Hardman

SRH/dpw
cc: Todd Grinstead

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2008 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
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 AND BOND PURCHASE AGREEMENT
11. RATES
12. PUBLIC SERVICE COMMISSION ORDER
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION OF NOTICE OF PSC FILING
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. CLEAN WATER ACT
19. GRANTS
20. PROCUREMENT OF ENGINEERING SERVICES
21. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Claywood Park Public Service District in Wood County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify this 27th day of October, 2008 in connection with the Issuer's Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), and Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), both dated the date hereof (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the

Bond Resolution of the Issuer duly adopted October 21, 2008, and the Supplemental Resolution duly adopted October 21, 2008 (collectively, the "Bond Legislation").

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 Grant proceeds or the Net Revenues, or in any way contesting or affecting the validity of the Bonds or the Grants, 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, the pledge or application of moneys and security or the collection of the Gross Revenues or the pledge of the Net Revenues as security for the Bonds.

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.

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2008 Bonds as to liens, pledge and source of and security for payment, being the Issuer's: (i) Sewer Revenue Bonds, Series 1989 A (West Virginia Water Development Authority), dated October 10, 1989, issued in the original aggregate principal amount of $2,801,862 (the "Series 1989 A Bonds"); and (ii) Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated January 4, 2001, issued in the original aggregate principal amount of $1,800,000 (the "Series 2001 Bonds") (hereinafter collectively, the "First Lien Bonds").

There are outstanding obligations of the Issuer which will rank junior and subordinate to the Series 2008 Bonds as to liens, pledge of and security for payment, being the Issuers Sewer Revenue Bonds, Series 1989 B (West Virginia Water Development Authority), dated October 10, 1989, issued in the original aggregate principal amount of $415,340 (the "Series 1989 B Bonds" and collectively with the First Lien Bonds, the "Prior Bonds").

The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2008 Bonds on a parity with the First Lien Bonds; and (iii) the written consent of the Holder of the Series 1989 B Bonds to the issuance of the Series 2008 Bonds senior and prior to the Series 1989 B Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolutions.

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, supplemented or changed in any way unless modification appears from later documents also listed below:

Bond Resolution

Supplemental Resolution

Series 2008 A Bond Purchase Agreement

Series 2008 B Bond Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders Creating the District and Public Service Commission Order relating thereto

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

NPDES Permit

Infrastructure Fund Grant Agreement

Department of Environmental Protection Approval of Plans and Specifications

Prior Resolutions

Evidence of Insurance

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Claywood Park Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Wood County and presently existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 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
Michael A. Miller	November 7, 2002	November 1, 2008
Randall Law	May 1, 2008	May 1, 2014
Edna Summers	November 1, 2004	November 1, 2010

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 2008 are as follows:

Chairperson	-	Michael A. Miller
Secretary	-	Randall Law

The duly appointed and acting counsel to the Issuer is Bowles Rice McDavid Graff & Love, Parkersburg West Virginia and the Special PSC Counsel is Steptoe & Johnson PLLC, in Charleston, West Virginia.

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 the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions 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.

8. MEETINGS, ETC.: All actions, ordinances, 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 and 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, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, 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 and Loan Agreements is in full force and effect.

10. LOAN AGREEMENTS: As of the date hereof, (i) the representations of the Issuer contained in the respective Loan Agreements are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreements do 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 dates of the Loan Agreements 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 Agreements not misleading; and (iv) the Issuer is in compliance with all covenants, terms and representations in the Loan Agreements.

11. RATES: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on March 31, 2008, in Case No. 07-2390-PSD-CN, approving the rates and charges for the services of the System. The Issuer has adopted a resolution prescribing such rates and charges. The rates will be effective when the Project is substantially complete.

12. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on March 31, 2008, in Case No. 07-2390-PSD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the rates and charges for the System and the financing for the Project. The time for appeal of the Final Order has expired prior to the date hereof without any appeal. Such order is not subject to any further appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Final Order.

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, numbered AR-1 and BR-1, respectively, all 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 said 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 Agreements. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer received $275,000 from the Authority and the DEP, being a portion of the principal amount of the Series 2008 A Bonds. On the date hereof, the Issuer also received $684,303 from the Authority and the Council, being a portion of the principal amount of the Series 2008 B Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

15. PUBLICATION OF NOTICE OF PSC FILING: The Issuer has published any required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges, and the filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the Official West Virginia Code of 1931, as amended.

16. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

17. CONFLICT OF INTEREST: No officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or 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.

18. CLEAN WATER ACT: The Project as described in the Bond Resolution complies with Sections 208 and 303(e) of the Clean Water Act.

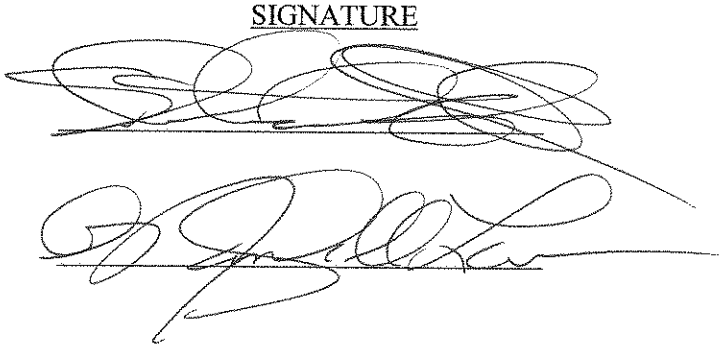
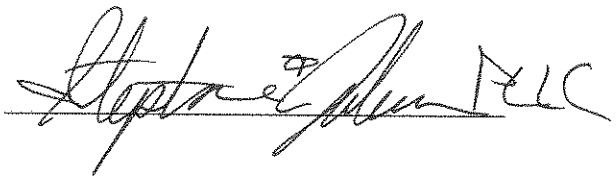
19. GRANT: As of the date hereof, the grant from the West Virginia Infrastructure Fund in the amount of $500,000 is committed and in full force and effect.

20. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

21. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

WITNESS our signatures and the official seal of CLAYWOOD PARK PUBLIC SERVICE DISTRICT on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
_____	Counsel to Issuer
	Special PSC Counsel (Paragraph 12)

10.16.08
163950.00001

WITNESS our signatures and the official seal of CLAYWOOD PARK PUBLIC SERVICE DISTRICT on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary
Bowles Rice McDavid Graff & Love LLP	Counsel to Issuer
_____	Special PSC Counsel (Paragraph 12)

10.16.08
163950.00001

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

ENGINEER'S CERTIFICATE

I, Manning Frymier, Registered Professional Engineer, West Virginia License No. 8497, of Cerrone Associates, Inc., Wheeling, West Virginia, hereby certify this 27th day of October, 2008 as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public sewerage system (the "System") of Claywood Park Public Service District (the "Issuer"), to be constructed primarily in Wood County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution, duly adopted by the Issuer on October 21, 2008, as supplemented by the Supplemental Resolution duly adopted by the Issuer on October 21, 2008, the Bond Purchase Agreement for the Series 2008 A Bonds, by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), dated October 8, 2008 and the Loan Agreement for the Series 2008 B Bonds, 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 October 27, 2008 (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 costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Council 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 40 years, if properly constructed, 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 in reliance upon the opinion of Issuer's counsel, Steptoe & Johnson PLLC, of even date herewith, all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds

have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the Council and the bid forms provided to the bidders contain the 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 the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Bassett & Lowe, of even date herewith, the rates and charges for the System as adopted by the Issuer and approved by the West Virginia Public Service Commission will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other monies 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 the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

[Remainder of Page Intentionally Blank]

WITNESS my signature and seal on the day and year first written above.

CERRONE ASSOCIATES, INC.

(SEAL)

Manning Frymier, P.E.
West Virginia License No. 8497

10.14.08
163950.00001

CLAYWOOD PARK PUBLIC SERVICE DISTRICT
RED HILL SEWER SYSTEM

SCHEDULE B

Rev. 10/08/08

A. COST OF PROJECT	TOTAL	WVIJDC Grant	WVIJDC Loan	CWSRF Loan	
1 Construction					
a. Contract #1 - Treatment Plant Update	2,539,000	500,000	266,686	1,772,314	-
b. Contract #2 - Collection System	3,496,636	-	-	3,496,636	-
2 Technical Services					
Basic Engineering	52,500	-	52,500	-	-
Resident Inspection	265,000	-	265,000	-	-
Stakeout/Rec Dwgs/O&M/Startup	33,000	-	33,000	-	-
Property Surveys/Esmt Changes	45,000	-	45,000	-	-
3 Legal & Fiscal					
a. Legal	32,500	-	32,500	-	-
b. Rule 42 Exhibit/PSC Hrg	8,400	-	8,400	-	-
c. Interest During Construction	-	-	-	-	-
d. Accountant	625	-	625	-	-
e. Loan Repayment	526,710	-	526,710	-	-
f. PSC Attorney	7,500	-	7,500	-	-
4 Administrative & General					
a. Administrative	5,000	-	5,000	-	-
b. Soils & Concrete Testing	5,000	-	5,000	-	-
c. Electric Service	25,000	-	25,000	-	-
d. Permits & Fees	1,850	-	1,850	-	-
5 Sites & Other Lands	61,000	-	61,000	-	-
6 Construction Contingency	301,800	-	70,750	231,050	-
7 Contingency	67,979	-	67,979	-	-
8 TOTAL of Lines 1 through 7	7,474,500	500,000	1,474,500	5,500,000	-
B. COST OF FINANCING					
9 Funded Reserve	-	-	-	-	-
10 Capitalized interest	-	-	-	-	-
11 Other Costs	-	-	-	-	-
a. Registrar fees	1,000	-	1,000	-	-
b Bond Counsel	24,500	-	24,500	-	-
12 Cost of Financing	25,500	-	25,500	-	-
13 Total Cost of Project	7,500,000	500,000	1,500,000	5,500,000	-
C. SOURCES OF FUNDS					
14 Federal Grants	-	-	-	-	-
15 Federal Grants	-	-	-	-	-
16 State Grants	500,000	500,000	-	-	-
17 Other Grants	-	-	-	-	-
18 Any Other Source	-	-	-	-	-
19 TOTAL Lines 14 trough 18	500,000	500,000	-	-	-
20 Net Proceeds from Bond Issue	7,000,000	-	1,500,000	5,500,000	-

Claywood Park Public Service District

10-21-08
Date

Cerrone Associates, Inc.

10.22.08
Date

BASSETT & LOWE
CERTIFIED PUBLIC ACCOUNTANTS
1156 SOUTH MAIN STREET
MILTON, WEST VIRGINIA 25541
Phone: (304) 743-5573 FAX: (304) 743-1150
Toll Free: 1-800-720-9629
e-mail: rbassett@bassettlowe.com
e-mail: rlowe@bassettlowe.com

October 27, 2008

Claywood Park Public Service District
Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

Claywood Park Public Service District
Parkersburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Based upon the sewer rates and charges set forth in the Recommended Decision entered March 31, 2008 of the Public Service Commission of West Virginia in Case No. 07-2390-PSD-CN, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by Claywood Park Public Service District (the "Issuer"), it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of the Issuer, will (i) provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any Fiscal Year for payment of principal of and interest on the Series 2008 A Bonds and Series 2008 B Bonds and all other obligations secured by or payable from such revenues, including the Issuer's (a) Sewer Revenue Bonds, Series 1989 A (West Virginia Water Development Authority), dated October 10, 1989, issued in the original aggregate principal amount of $2,801,862 (the "Series 1989 A Bonds"); (b) Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated January 4, 2001, issued in the original aggregate principal amount of

$1,800,000 (the "Series 2001 Bonds") (hereinafter collectively, the "First Lien Bonds"); and (c) the Issuer's Sewer Revenue Bonds, Series 1989 B (West Virginia Water Development Authority), dated October 10, 1989, issued in the original aggregate principal amount of $415,340 (the "Series 1989 B Bonds" and collectively with the First Lien Bonds, the "Prior Bonds").

It is further our opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2008 A Bonds and Series 2008 B Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2008 A Bonds and Series 2008 B Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest, if any, on the Prior Bonds, the Series 2008 A Bonds and Series 2008 B Bonds.

Very truly yours,

Bassett & Lowe

Bassett & Lowe

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Claywood Park Public Service District in Wood County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $5,500,000 Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), and $1,500,000 Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), of the Issuer, both dated October 27, 2008 (collectively, the "Bonds"), hereby certify this 27th day of October, 2008 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 October 21, 2008 as supplemented by Supplemental Resolution duly adopted by the Issuer on October 21, 2008 (collectively, 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 October 27, 2008, the date on which the Bonds are being physically delivered in exchange for an initial advance of $275,000, being a portion of the principal amount of the Series 2008 A Bonds, and $684,303, being a portion of the principal amount of the Series 2008 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

Department of Environmental Protection (the "DEP") 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 2008 A Bonds were sold on October 27, 2008, to the Authority, pursuant to a bond purchase agreement dated October 8, 2008, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of $5,500,000 (100% of par), at which time, the Issuer received $275,000 from the Authority and the DEP, being the first advance of the principal amount of the Series 2008 A Bonds. No accrued interest has been or will be paid on the Series 2008 A Bonds. The balance of the principal amount of the Series 2008 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2008 B Bonds were sold on October 27, 2008, to the Authority, pursuant to a loan agreement dated October 27, 2008, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $1,500,000 (100% of par), at which time, the Issuer received $684,303 from the Authority and the Council, being the first advance of the principal amount of the Series 2008 B Bonds. No accrued interest has been or will be paid on the Series 2008 B Bonds. The balance of the principal amount of the Series 2008 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Series 2008 A 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 improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

8. The Series 2008 B 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 the Project; and (ii) paying certain costs of issuance and related costs.

9. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Series 2008 A Bonds Reserve Account and Series 2008 B Bonds Reserve Account, 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 May 1, 2010. The acquisition and construction of the Project is expected to be completed by November 1, 2009.

10. The total cost of the Project is estimated at $7,500,000. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2008 A Bonds	$5,500,000
Proceeds of the Series 2008 B Bonds	$1,500,000
Infrastructure Fund Grant	$ 500,000
Total Sources	$7,500,000

USES	
Costs of Acquisition and Construction of the Project	$7,474,500
Costs of Issuance	$ 25,500
Total Uses	$7,500,000

11. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2008 Bonds:

(1) Revenue Fund (established by Prior Resolution);

(2) Renewal and Replacement Fund (established by Prior Resolution);

(3) Series 2008 A Bonds Construction Trust Fund;

(4) Series 2008 B Bonds Construction Trust Fund;

(5) Series 2008 A Bonds Sinking Fund;

(6) Series 2008 A Bonds Reserve Account;

(7) Series 2008 B Bonds Sinking Fund; and

(8) Series 2008 B Bonds Reserve Account.

12. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited as follows:

(1) Series 2008 A Bond proceeds in the amount of $-0-

will be deposited in the Series 2008 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2008 A Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(2) Series 2008 B Bond proceeds in the amount of $-0- will be deposited in the Series 2008 B Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2008 B Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(3) Series 2008 A Bonds proceeds in the amount of $-0- will be deposited in the Series 2008 A Bonds Reserve Account.

(4) Series 2008 B Bonds proceeds in the amount of $-0- will be deposited in the Series 2008 B Bonds Reserve Account.

(5) The balance of the proceeds of the Series 2008 A Bonds will be deposited in the Series 2008 A 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 2008 A Bonds and related costs.

(6) The balance of the proceeds of the Series 2008 B Bonds will be deposited in the Series 2008 B 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 2008 B Bonds and related costs.

13. Monies held in the Series 2008 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2008 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2008 A Bonds Sinking Fund and Series 2008 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2008 A 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 Resolution.

14. Monies held in the Series 2008 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2008 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment

earnings on monies in the Series 2008 B Bonds Sinking Fund and Series 2008 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2008 B 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 Resolution.

15. 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.

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

17. With the exception of the amount deposited in the Series 2008 A Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2008 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 18 months from the date of issuance thereof.

18. With the exception of the amount deposited in the Series 2008 B Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2008 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 18 months from the date of issuance thereof.

19. 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.

20. The amount designated as costs of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

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

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

23. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

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

25. The Bonds are not federally guaranteed.

26. 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.

27. The Issuer has either (a) funded the Series 2008 A Bonds Reserve Account and Series 2008 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due, respectively, on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2008 A Bonds Reserve Account and Series 2008 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2008 A Bonds Reserve Account and Series 2008 B Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due, respectively, on the Bonds in the then current or any succeeding year. Monies in the Series 2008 A Bonds Reserve Account, the Series 2008 B Bonds Reserve Account, the Series 2008 A Bonds Sinking Fund and the Series 2008 B Bonds Sinking Fund will be used solely to pay principal of and interest on each series of the Bonds and will not be available to pay costs of the Project.

28. 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.

29. 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.

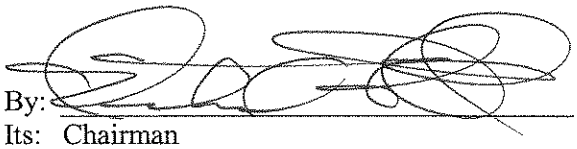
30. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

[Remainder of Page Intentionally Blank]

WITNESS my signature on the day and year first written above.

CLAYWOOD PARK PUBLIC SERVICE DISTRICT



By: _____
Its: Chairman

10.08.08
163950.00001

CH4915494.2

2/172 ✓ E

IN THE COUNTY COURT OF WOOD COUNTY, WEST VIRGINIA

IN RE:

CLAYWOOD PARK PUBLIC SERVICE DISTRICT ENLARGMENT

O R D E R

On the 13th day of September, 1966, this matter came again to be heard, this Court having heretofore by order entered on August 23, 1966, fixed this date for a public hearing on the enlargment of Claywood Park Public Service District, and having provided in the said order that all persons residing in, or owning, or having any interest in property in Claywood Park Public Service District, or in the proposed addition to Claywood Park Public Service District, might appear before the County Court at this hearing and have an opportunity to be heard for and against the enlargment of the said Public Service District.

It appearing to the Court from the certificate of the publisher thereof, that notice of this hearing was duly publishe as required by Chapter 16, Article 13-a, of the Code of West Virginia of 1931, as amended, which said certificate is hereby ORDERED to be filed herein, and it further appearing to the Court that all interested persons have been afforded an opportunity of being heard for and against the enlargment of the said district, and it further appearing to the Court that no written protests have been filed by any qualified voters registered in or residing within the said Public Service District

or the proposed addition thereto, the Court did proceed to hear and consider testimony and evidence relating to the necessity, feasibility, and propriety of enlarging Claywood Park Public Service District so as to include the additional territory described in the petition heretofore filed herein, and in the notice above referred to, from all of which the Court does find that it is necessary, feasible, and proper to enlarge Claywood Park Public Service District so as to include therein, the additional territory hereinafter fully described, and the Court does further find that the enlargment of Claywood Park Public Service District will be conducive to the preservation of public health and convenience within the area of the enlarged public service district. It is accordingly ORDERED as follows:

1.) That the boundaries of Claywood Park Public Service District heretofore created by this Court by order entered in the County Court of Wood County, on November 21, 1964, be enlarged so as to include within the boundaries of the said public service district, the area described in the order last above referred to, and in addition thereto, the following addition:

BEGINNING on the Northerly bank of the Little Kanawha River at the point at which the present Southeasterly boundary of Claywood Park Public Service District intersects the said Northerly bank of the Little Kanawha River, and thence with the Northerly bank of the Little Kanawha River upstream to the mouth of Allen Run; thence with the center of Allen Run to the intersection of West Virginia State Route 47 and said Allen Run; thence South 58° West 12,000 feet, more or less, to a point in the present Southeasterly line of Claywood Park Public Service District; thence with the present Southeasterly line of Claywood Park Public

Service District South 50° 30' West 7,800 feet, more or less, to the place of beginning; which said area is shown on a map entitled "Addition to Claywood Park Public Service District, Wood County, West Virginia", dated August, 1966, prepared by M. Edward Norman, professional Engineer, which said map has been filed with the Clerk or the County Court of Wood County, West Virginia.

THE COUNTY COURT OF WOOD COUNTY

By: Frank J. Harrison
Frank J. Harrison, President

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO-WIT:

I, L. W. Burdette, Clerk of the County Court in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody the files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of IN RE: CLAYWOOD PARK PUBLIC SERVICE DISTRICT ENLARGMENT

as the same appears of record in my said Office in COURT ORDER RECORD #32, Page 122

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 22nd day of December, 19 66

CLERK WOOD COUNTY COURT L. W. Burdette
By Ruth L. Foley
Deputy

At a regular session of the County Court, continued and held for the County of ood, at the Court House thereof, on Tuesday, the 13th day of September, 1966, Present, Frank J. Harrison, President of said Court, and Harry C. Nicely, Commissioner.

The orders and proceedings of the previous session of this Court, held on Saturday, the 10th day of September, 1966, were read in open Court, approved and ordered signed.

IN RE: CLAYWOOD PARK PUBLIC SERVICE DISTRICT ENLARGEMENT

ORDER

"On the 13th day of September, 1966, this matter came again to be heard, this Court having heretofore by order entered on August 23, 1966, fixed this date for a public hearing on the enlargement of Claywood Park Public Service District, and having provided in said order that all persons residing in, or owning, or having any interest in property in Claywood Park Public Service District, or in the proposed addition to Claywood Park Public Service District, might appear before the County Court at this hearing and have an opportunity to be heard for and against the enlargement of the said Public Service District.

It appearing to the Court from the certificate of the publisher thereof, that notice of this hearing was duly published as required by Chapter 16, Article 13a, of the Code of West Virginia of 1931, as amended, which said certificate is hereby ORDERED to be filed herein, and it further appearing to the Court that all interested persons have been afforded an opportunity of being heard for and against the enlargement of the said district, and it further appearing to the Court that no written protests have been filed by any qualified voters resitered in or residing within the said Public Service District or the proposed addition thereto, the Court did proceed to hear and consider testimony and evidence relating to the necessity, feasibility, and propriety of enlarging Claywood Park Public Service District so as to include the additional territory described in the petition heretofore filed herein, and in the notice above referred to, from all of which the Court does find that it is necessary, feasible and proper to enlarge Claywood Park Public Service District so as to include therein, the additional territory hereinafter fully described, and the Court does further find that the enlargement of Claywood Park Public Service District will be conducive to the preservation of public health and convenience within the area of the enlarged public service district. It is accordingly ORDERED as follows:

1.) That the boundaries of Claywood Park Public Service District heretofore created by this Court by order entered in the County Court of Wood County, on November, 21, 1964, be enlarged so as to include within the boundaries of the said public service district, the area described in the order last above referred to, and in addition thereto, the following addition:

BEGINNING on the Northerly bank of the Little Kanawha River at the point at which the present Southeasterly boundary of Claywood Park Public Service District intersects the said Northerly bank of the Little Kanawha River, and thence with the Northerly bank of the Little Kanawha River upstream to the mouth of Allen Run; thence with the center of Allen Run to the intersection of West Virginia State Route 47 and said Allen Run; thence South 58° West 12,000 feet, more or less, to a point in the present Southeasterly line of Claywood Park Public Service District; thence with the present Southeasterly line of Claywood Park Public Service District South 50° West 7,000 feet, more or less, to the place of beginning; which said area is known on a map entitled "Addition to Claywood Park Public Service District, Wood County, West Virginia", dated August, 1966, prepared by M. Edward Norman, Professional Engineer, which said map has been filed with the Clerk of the County Court of Wood County, West Virginia.

THE COUNTY COURT OF WOOD COUNTY
By: Frank J. Harrison, President."

There appearing no further business to claim the attention of this Court, it is hereby ordered that this Court do now adjourn to meet in regular session on Thursday, the 15th day of September, 1966, at 9:30 o'clock A. M.

Frank J. Harrison
President

STATE OF WEST VIRGINIA
COUNTY OF WOOD, TO-WIT

I, H. K. Smith, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody the files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of ORDER: IN RE: CLAYWOOD PARK PUBLIC SERVICE DISTRICT ENLARGEMENT.

as the same appears of record in my said Office in ORDER BOOK 32 Page 122

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 21ST day of FEBRUARY 19 84

H. K. SMITH
CLERK WOOD COUNTY COMMISSION

By: [signature]
Deputy

37/269
1976

IN THE COUNTY COMMISSION OF WOOD COUNTY, WEST VIRGINIA

IN RE:
CLAYWOOD PARK PUBLIC SERVICE
DISTRICT ENLARGEMENT

ORDER

On the 10th day of June, 1976, at 10:00 o'clock A. M., this matter came on to be heard, this Commission having heretofore by ORDER entered on May 13, 1976, and appears of Record in Order Book No. 37, at Page 257, fix this date and time for a public hearing on the enlargement of Claywood Park Public Service District, and having provided in said Order that all persons residing in, or owning, or having any interest in property in Claywood Park Public Service District, might appear before the County Commission at this hearing and have an opportunity to be heard for and against the enlargement of the said Public Service District.

Thereupon, Claywood Park Public Service District tendered to the Commission for filing, the following:

1) The Affidavit of Mary P. Chenvront that Notice of the time and place of this hearing was published in the Parkersburg Sentinel on the 29th day of May, 1976, which was more than ten (10) days prior to the date of this hearing.

2) The return of G. G. Chapman, a Deputy Sheriff in and for the County of Wood, State of West Virginia, that notice of the time and place of this hearing was posted by the said G. G. Chapman, at five (5) conspicuous places in Claywood Park Public Service District and in the proposed enlargement of Claywood Park Public Service District.

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO-WIT:

I, L. W. Burdette, Clerk of the County Court in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody the files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of ORDER IN RE: CLAYWOOD PARK PUBLIC SERVICE DISTRICT ENLARGEMENT as the same appears of record in my said Office in ORDER BOOK NO. 37, Page 269.

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 17th day of June, 1976.

L. W. BURDETTE,
CLERK WOOD COUNTY COURT

The Commission, having examined the foregoing, and the same appearing to be proper, the said affidavit and return are hereby ordered to be, and are hereby filed herein.

It further appearing to the Commission that all interested persons have been afforded an opportunity of being heard, for and against, the enlargement of the said Public Service District, and it further appearing to this Commission that no written protests have been filed by any qualified voters, registered or residing within the said Public Service District or the proposed addition thereto, the Commission did proceed to hear and consider testimony and evidence relating to the necessity and feasibility of enlarging Claywood Park Public Service District, so as to include the additional territory described in the Petition heretofore filed, herein, and in the Notice hereinabove referred to, from all of which the Commission does find that it is necessary, feasible and proper to enlarge Claywood Park Public Service District so as to include the additional territory described in said Petition, and the Commission does further find that the enlargement of Claywood Park Public Service District will be conducive to the preservation of public health, comfort and convenience within the area of the enlarged public service district.

IT IS ACCORDINGLY ORDERED, that the boundaries of Claywood Park Public Service District heretofore created by this Commission (formerly Court and successor by conversion), by Order entered on November 21, 1964, and enlarged by Order entered on September 13, 1966, and reduced and enlarged by Order ertered on March 8, 1973, be again enlarged so as to include within the boundaries of the said Claywood Park Public Service District, all of the area bounded and described as follows:

BEGINNING on the northerly bank of the Little Kanawha River at a point in the line of the Parkersburg Magisterial District 2,600 ft., more or less, upstream from the mouth of Worthington Creek; thence, proceeding up the Little Kanawha River with the south boundary of Parkersburg and Clay Magisterial Districts, 73,700 ft. to the intersection of the Wood-Wirt County line (Point #2); thence, proceeding with the Wood-Wirt County line 42,000 ft., more or less, to the intersection of the Ritchie County line near the community of Eatons (Point #3); thence, proceeding along the Wood-Ritchie County line 42,000 ft., more or less, to the intersection of the Wood-Ritchie-Pleasants County line (Point #4); thence, proceeding along the Wood-Pleasants County line 43,000 ft., more or less, to the mouth of Horseneck Run and Bull Run and a point on the Union-Williams Public Service District boundary (Point #5); thence, proceeding in a southwesterly direction with the Union-Williams Public Service District boundary 19,475 ft., more or less, to the community of Doyle (Point #6); thence, proceeding in a westerly direction along the Union-Williams Public Service District boundary 28,500 ft., more or less, to the community of Boreman at the intersection of West Virginia Secondary Route 16 and 16/5 (Point #7); thence, continuing in a southwesterly direction 9,400 ft. to the intersection of U. S. Route 50 and Interstate Highway I-77 (Point #8); thence, continuing in a southwesterly direction 10,000 ft. to a point in Dry Run 800 ft., more or less, from State Route 47 (Point #9); thence, proceeding in a northwesterly direction 6,200 ft., more or less, to a point in the property line of land now owned by J. Stewart Dudley, the proposed corporation line of the City of Parkersburg (Point #10); thence, with the Dudley line extended S 29°13' W 1,500 ft., more or less, to the place of beginning, containing 107 sq. miles, more or less, which said area is shown on a map entitled "Claywood Park Public Service District, Wood County, West Virginia, March, 1976", prepared by Cerrone & Vaughn, Inc., Professional Engineers, which said map is on file in the Office of the Clerk of the County Commission of Wood County, West Virginia.

THE COUNTY COMMISSION OF WOOD COUNTY

Victor H. Lafferty, President

James A. Fittro, Commissioner

Marvin H. Leach, Commissioner

ENTER: JUNE 10, 1976

JANUARY TERM — THIRTIETH DAY — MARCH 1973
THURSDAY, MARCH 8th, 1973

At a regular session of the County Court, continued and held for the County of Wood, at the Court House thereof, Thursday, March 8th, 1973, Present, Marvin H. Leach, President of said Court and Victor K. Rafferty and James A. Fittro, Commissioners.

The orders and proceedings of the previous session of this Court held on Tuesday, March 6th, 1973, were read in open Court, approved and ordered signed.

IN Re: CLAYWOOD PARK PUBLIC SERVICE DISTRICT

ORDER

On this 8th day of March, 1973, the Court again considered the enlargement and reduction of Claywood Park Public Service District. The Court finds and determines that the written protests in the form of Petitions filed with the Court on March 3, 1973, do not constitute written protests by 30% or more of the qualified voters registered in or residing in the proposed boundaries of Clay Public Service District. Accordingly, the Court having on February 6 and March 3 heard and considered testimony and evidence relating to the necessity, feasibility, and propriety of enlarging Claywood Park Public Service District so as to include the additional territory described in the petition heretofore filed herein, and in notice of said Public Hearing on February 6, 1973, and further did proceed to hear and consider evidence relating to the necessity, feasibility, and propriety or reducing Claywood Park Public Service District so as to remove therefrom the territory also described in the petition herein, and in the notice above referred to, and all interested persons having been afforded an opportunity to be heard for and against the enlargement and reduction of the said Public Service District the Court does find that it is necessary, feasible, and proper to enlarge Claywood Park Public Service District so as to include therein the additional territory hereinafter fully described and to reduce the said District by removing therefrom the territory described in the said petition, and the Court does further find that the enlargement and reduction of Claywood Park Public Service District will be conducive to the preservation of public health and convenience within the area of the enlarged public service district. It is accordingly ordered that the boundaries of Claywood Park Public Service District heretofore created by this Court by order entered on November 21, 1964, and enlarged by order entered on September 11, 1966, be again enlarged so as to include within the boundaries of the said Claywood Park Public Service District all of the area in Parkersburg, Clay, Walker, and Union Magisterial Districts of Wood County, West Virginia bounded and described as follows and that the District be reduced by removing therefrom that territory in Parkersburg District adjacent to the present corporate limits of the City of Parkersburg more fully shown and described upon the map or plat hereinafter referred to:

BEGINNING on the northerly bank of the Little Kanawha River at a point in the line of the Parkersburg Magisterial district 2600 feet, more or less, upstream from the mouth of Worthington Creek thence proceeding up the Little Kanawha River with the Parkersburg Magisterial south boundary to the Clay Magisterial boundary at Dry Run and continuing up the Little Kanawha River along the south boundary of Clay Magisterial District 47,400 feet to the mouth of Walker Creek; thence northeastward 41,700 feet to community of Doyle at the center line of the intersection of West Virginia State Route 31 and West Virginia Secondary Road No. 3/16, a common corner of Union-Williams Public Service District; thence with the Union-Williams Public Service District boundary westward 28,500 feet to the community of Foreman at the intersection of West Virginia Secondary Route 16 and 16/5; thence proceeding 9400 feet to the center of the intersection of Interstate Highway 77 and U. S. Route 50; thence the boundary proceeds 6200 feet, more or less, northwesterly to a point in the property line of land now owned by J. Stewart Dudley, the proposed corporation line of the City of Parkersburg; thence with the Dudley line extended S. 29° 13' W. 1500 feet, more or less, to the place of beginning, containing 35 square miles, more or less, which said area is shown on a map entitled Claywood Park Public Service District New and Enlarged Boundary Wood County, West Virginia, dated August 1, 1972, prepared by Cerrone & Vaurnn, Inc., Professional Engineers, which said map is attached to the petition heretofore filed herein and made a part thereof and to which map reference is hereby made and had.

thence the boundary proceeds 10,000 feet, in a southwesterly direction to Dry Run approximately 800 feet, more or less, northeast of West Virginia State Route 47;

There appearing no further business to claim the attention of this Court, it is hereby ordered that this Court do now adjourn to meet in regular session, Saturday, March 10, 1973, at 9:00 o'clock, A. M.

President

STATE OF WEST VIRGINIA.
COUNTY OF WOOD. TO-WIT.

I, H. K. Smith, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody the files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of ORDER: IN RE: CLAYWOOD PARK PUBLIC SERVICE DISTRICT.

as the same appears of record in my said Office in ORDER BOOK 36 Page 161

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 21ST day of FEBRUARY 19 84

H. K. SMITH
CLERK WOOD COUNTY COMMISSION
By: [signature]
Deputy

IN RE: CLAYWOOD PARK PUBLIC SERVICE DISTRICT.

ORDER

On this 8th day of March, 1973, the Court again considered the enlargement and reduction of Claywood Park Public Service District. The Court finds and determines that the written protests in the form of Petitions filed with the Court on March 3, 1973, do not constitute written protests by 30% or more of the qualified voters registered in or residing in the proposed boundaries of Clay/Park Public Service District. Accordingly, the Court having on February 6 and March 3 heard and considered testimony and evidence relating to the necessity, feasibility, and propriety of enlarging Claywood Park Public Service District so as to include the additional territory described in the petition heretofore filed herein, and in notice of said Public Hearing on February 6, 1973, and further did proceed to hear and consider evidence relating to the necessity, feasibility, and propriety or reducing Claywood Park Public Service District so as to remove therefrom the territory also described in the petition herein, and in the notice above referred to, and all interested persons having been afforded an opportunity to be heard for and against the enlargment and reduction of the said Public Service District the Court does find that it is necessary, feasible, and proper to enlarge Claywood Park Public Service District so as to include therein the additional territory hereinafter fully described and to reduce the said District by removing therefrom the territory described in the said petition, and the Court does further find that the enlargment and reduction of Claywood Park Public Service District will be conducive to the preservation of public health and convenience within the area of the enlarged public service district. It is accordingly ordered that the boundaries of Claywood Park Public Service District heretofore created by this Court by order entered on November 21, 1964, and enlarged by order entered on September 13, 1966, be again enlarged so as to include within the boundaries of the said Claywood Park Public Service District all of the area in Parkersburg, Clay, Walker, and Union Magisterial Districts of Wood County, West Virginia bounded and described as follows and that the District be reduced by removing therefrom that territory in Parkersburg District adjacent to the present corporate limits of the City of Parkersburg more fully shown and described upon the map or plat hereinafter referred to:

BEGINNING on the northerly bank of the Little Kanawha River at a point in the line of the Parkersburg Magisterial District 2600 feet, more or less, upstream from the mouth of Worthington Creek thence proceeding up the Little Kanawha River with the Parkersburg Magisterial south boundary to the Clay Magisterial boundary at Dry Run and continuing up the Little Kanawha River along the south boundary of Clay Magisterial District 47,400 feet to the mouth of Walker Creek; thence northeastward 41,700 feet to community of Doyle at the center line of the intersection of West Virginia State Route 31 and West Virginia Secondary Road No. 3/16, a common corner of Union Williams Public Service District; thence with the Union Williams Public Service District boundary westward 28,500 feet to the community of Boreman at the intersection of West Virginia Secondary Route 16 and 16/5; thence proceeding 9400 feet to the center of the intersection of Interstate Highway 77 and U. S. Route 50; thence the boundary proceeds 6200 feet, more or less, northwesterly to a point in the property line of land now owned by J. Stewart Dudley, the proposed corporation line of the City of Parkersburg; thence with the Dudley line extended S. 29° 13' W. 1500 feet, more or less, to the place of beginning, containing 35 square miles, more or less, which said area is shown on a map entitled Claywood Park Public Service District New and Enlarged Boundary Wood County, West Virginia, dated August 1, 1972, prepared by Cerrone & Vaughn, Inc., Professional Engineers, which said map is attached to the petition heretofore filed herein and made a part thereof and to which map reference is hereby made and had.

thence the boundary proceeds 10,000 feet, in a southwesterly direction to Dry Run approximately 800 feet, more or less, northeast of West Virginia State Route 47;

There appearing no further business to claim the attention of this Court, it is hereby ordered that this Court do now adjourn to meet in regular session, Saturday, March 10, 1973, at 9:00 o'clock, A. M.

President

IN RE: CLAYWOOD PARK PUBLIC SERVICE DISTRICT ENLARGEMENT

ORDER

ON THE 10th day of June, 1976, at 10:00 o'clock, A. M., this matter came on to be heard, this Commission having heretofore by ORDER entered on May 13, 1976, and appears of Record in Order Book No. 37, at Page 257, fix this date and time for a public hearing on the enalrgement of Claywood Park Public Service District, and having provided in said Order that all persons residing in, or owning, or having any interest in property in Claywood Park Public Service District, might appear before the County Commission at this hearing and have an oppourtinty to be heard for and against the enlargement of the said Public Service District.

Thereupon, Claywood Park Public Service District tendered to the Commission for filing, the following:

1) The Affidavit of Mary P. Chouvront that Notice of the time and place of this hearing was published in the Parkersburg Sentinel on the 29th day of May, 1976, which was more than ten (10) days prior to the date of this hearing.

2) The return of G. G. Chapman, a Deputy Sheriff in and for the County of Wood, State of West Virginia, that notice of the time and place of this hearing was posted by the said G. G. Chapman, at five (5) conspicuous places in Claywood Park Public Service District and in the proposed enlargement of Claywood Park Public Service District.

The Commission, having examined the foregoing, and the same appearing to be proper, the said affidavit and return are hereby ordered to be, and are hereby filed herein.

It further appearing to the Commission that all interested persons have been afforded an opportunity of being heard, for and against, the enlargement of the said Public Service District, and it further appearing to this Commission that no written protests have been filed by any qualified voters, registered or residing within the said Public Service District or the proposedd addition thereto, the Commission did proceed to hear and consider testimony and evidence relating to the necessity and feasibility of enlarging Claywood Park Public Service District, so as to include the additional territory described in the Petition heretofore filed, herein, and in the Notice hereinabove referred to, from all of which the Commission does find that it is necessary, feasible and proper to enlarge Claywood Park Public Service District so as to include the additional territory described in said Petition, and the Commission does further find that the enlergement of Claywood Park Public Service District will be conducive to the preservation of public health, comfort and convenience within the area of the enlarged public service district.

IT IS ACCORDINGLY ORDERED, that the boundaries of Claywood Park Public Service District heretofore created by this Commission (formerly Court and successor by conversion), by Order entered on November 21, 1964, and enlarged by Order entered on September 13, 1966, and reduced and enlarged by Order entered on March 8, 1973, be again enlarged so as to include within the boundaries of the said Claywood Park Public Service District, all of the area bounded and described as follows:

BEGINNING on the northerly bank of the Little Kanawha River at a point in the line of the Parkersburg Magisterial District 2,600 ft., more or less, upstream from the mouth of Worthington Creek; thence, proceeding up the Little Kanawha River with the south boundary of Parkersburg and Clay Magisterial Districts, 73,700 ft. to the intersection of the Wood-Wirt County line (Point #2); thence, proceeding with the Wood-Wirt County line 42,000 ft., more or less, to the

At a regular session of the County Commission, continued and held for the County of Wood, at the Court ouse thereof, Monday, May 2, 1994, Present, Holmes R. Shaver, President of said Commission, and Jean Grapes nd Steven A. Grimm, Commissioners.

The orders and proceedings of the previous session of this Commission, held on Thursday, April 28, 1994, ere read before the Commission, approved and ordered signed.

IN RE: CLAYWOOD PARK PUBLIC SERVICE DISTRICT ENLARGEMENT.

ORDER

On the 2nd day of May, 1994, at 10:00 a.m., this matter came to be heard, this Commission having heretofore by ORDER entered on the 4th day of April, 1994, which appears of record in Order Book 55, at Page 555, fixed this date and time for a public hearing on the enlargement of Claywood Park Public Service District, and having provided in the Order that all persons residing in, or owning, or having any interest in property in Claywood Park PUblic Service District, or in the proposed addition thereto, might appear before the Commission at this hearing and have the opportunity to be heard for and against the enlargement of the District.

Thereupon, Claywood Park Public Service District tendered to the Commission for filing:

1) The affidavit of Heather J. Byers that notice of the time and place of this hearing was published in the Parkersburg Sentinel on the 13th day of April, 1994, which was more than ten (10) days prior to the date of this hearing.

2) The affidavit of Joyce Moler that notice of the time and place of this hearing was published in the Wirt County Journel on the 13th day of April, 1994, which was more than ten (10) days prior to the date of this hearing.

3) The affidavit of R. Neil Bee, an employee of Claywood Park Public Service District, that notice of the time and place of this hearing was posted by him in at least (5) conspicuous places in the proposed boundaries of Claywood Park Public Service District not less than ten (10) days before the date of this hearing.

4) the certificate of service showing that a copy of the notice of the time and place of thin hearing was mailed to the Clerk of the County Commission of Wirt County, at the Wirt County Courthouse, Elizabeth, West Virginia, not less than ten days before the date of this hearing.

5) The certificate of service showing that a copy of the notice of the time and place of this hearing was mailed to the Executive Secretary of the Public Service Commission of West Virginia, at 201 Brooks Street, Post Office Box 812, Charleston, West Virginia, not lean than ten (10) days before the date of this hearing.

The Commission having examined the foregoing and the same appearing to be proper, these documents are hereby ordered to be, and are hereby, filed herein.

It further appearing to the Commission that all interested person have been afforded an opportunity of being heard, for and against, the enlargement of the District, the Commission did proceed to hear and consider testimony and evidence relating to the necessity and feasibility of enlarging Claywood Park PUblic Service District, so as to include therein the territory described in the Petition heretofore filed herein, and in the notice hereinabove referred to. From all of which, the Commission does find that it is necessary, feasible and proper to enlarge Claywood Public Service District so as to include the territory described in the Petition; and that the enlargement of Claywood Park Public Service District will be conducive to the preservation of the public health, comfort and convenience within the area of the enlarged public service district.

IT IS ACCORDINGLY ORDERED, as follows:

1) The the boundaries of Claywood Park Public Service District be enlarged so as to include the boundaries of the District, for purposes of providing water service, the area which is more fully described and set forth on Exhibit A attached hereto and made a part hereof by reference.

2) That the Petitioner cause a certified copy of this Order to be served upon the Executive Secretary of the Public Service Commission of West Virginia within ten (10) days of its entry.

THE COUNTY COMMISSION OF WOOD COUNTY, WEST VIRGINIA

s/ Holmes R. Shaver
Holmes R. Shaver, President

s/ Steven A. Grimm
Steven A. Grimm, Commissioner

s/ Jean Grapes
Jean Grapes, Commissioner

(SEE PHOTOSTAT PAGES IN BOOK 44K PAGE 366 FOR COPY OF BOUNDARY EXPANSION - 1994 IN ITS ENTIRETY)

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission do now adjourn to meet in regular session, Thursday, May 5, 1994, at 9:00 o'clock A. M., and sitting in Special Session, Tuesday, May 3, 1994, at 9:00 o'clock A.M.

Holmes R. Shaver
President

JULY TERM — TWENTY-NINTH DAY — SEPTEMBER, 1966

TUESDAY, SEPTEMBER 13th, 1966

Sept 1966

At a regular session of the County Court, continued and held for the County of Wood, at e Court House thereof, on Tuesday, the 13th day of September, 1966, Present, Frank J. rrison, President of said Court, and Harry C. Nicely, Commissioner.

The orders and proceedings of the previous session of this Court, held on Saturday, the th day of September, 1966, were read in open Court, approved and ordered signed.

IN RE: CLAYWOOD PARK PUBLIC SERVICE DISTRICT ENLARGEMENT

O R D E R

"On the 13th day of September, 1966, this matter came again to be heard, this Court hav- ng heretofore by order entered on August 23, 1966, fixed this date for a public hearing on he enlargement of Claywood Park Public Service District, and having provided in said order hat all persons residing in, or owning, or having any interest in property in Claywood Park ublic Service District, or in the proposed addition to Claywood Park Public Service District, ight appear before the County Court at this hearing and have an opportunity to be heard for nd against the enlargement of the said Public Service District.

It appearing to the Court from the certificate of the publisher thereof, that notice of his hearing was duly published as required by Chapter 16, Article 13a, of the Code of West Virginia of 1931, as amended, which said certificate is hereby ORDERED to be filed herein, and t further appearing to the Court that all interested persons have been afforded an oppor- unity of being heard for and against the enlargement of the said district, and it further ppearing to the Court that no written protests have been filed by any qualified voters resit- ered in or residing within the said Public Service District or the proposed addition thereto, he Court did proceed to hear and consider testimony and evidence relating to the necessiry, easibility, and propriety of enlarging Claywood Park Public Service District so as to in- lude the additional territory described in the petition heretofore filed herein, and in the otice above referred to, from all of which the Court does find that it is necessary, feasible nd proper to enlarge Claywood Park Public Service District so as to include therein, the dditional territory hereinafter fully described, and the Court does further find that the nlargement of Claywood Park Public Service District will be conducive to the preservation of ublic health and convenience within the area of the enlarged public service district. It is ccordingly ORDERED as follows:

1.) That the boundaries of Claywood Park Public Service District heretofore created by his Court by order entered in the County Court of Wood County, on November, 21, 1964, be nlarged so as to include within the boundaries of the said public service district, the area escribed in the order last above referred to, and in addition thereto, the following addition

BEGINNING on the Northerly bank of the Little Kanawha River at the point at which the resent Southeasterly boundary of Claywood Park Public Service District intersects the said ortherly bank of the Little Kanawha River, and thence with the Northerly bank of the Little anawha River upstream to the mouth of Allen Run; thence with the center of Allen Run to the ntersection of West Virginia State Route 47 and said Allen Run; thence South 58° West 12,000 eet, more or less, to a point in the present Southeasterly line of Claywood Park Public ervice District; thence with the present Southeasterly line of Claywood Park Public Service

There appearing no further business to claim the attention of this Court, it is hereby rdered that this Court do now adjourn to meet in regular session on Thursday, the 15th day f September, 1966, at 9:30 o'clock A. M.

Frank J. Harrison
President

1964

At a regular session of the County Court, continued and held for the County of Wood, t the Court House thereof, on Saturday, the 21st day of November, 1964, Present, J. L. Amos, President of said Court, and Frank J. Harrison and Harry C. Hicely, Commissioners.

The orders and proceedings of the previous session of this Court, held on Thursday, the 9th day of November, 1964, were read in open Court, approved and ordered signed.

IN RE: CLAYWOOD PARK PUBLIC SERVICE DISTRICT

On the 21st day of November, 1964, this matter came upon again to be heard, this Court aving heretofore on October 27, 1964, having fixed this date for a public hearing on the reation of the proposed Claywood Park Public Service District and having provided in the aid Order that all persons residing in or owning or having any interest in property in the aid proposed public service district might appear before the County Court at this hearing and ave an opportunity to be heard for and against the creation of the said public service istrict.

It appearing to the Court from the certificate of the publisher thereof that notice of aid hearing was duly published as required by Chapter 16, Article 13a of the Code of West irginia, 1931, as amended, which said certificate is hereby ORDERED to be filed herein, and t further appearing to the Court that all interested persons have been afforded an opportunity of being heard for and against the creation of the said district and it further appearing to the Court that no written protests have been filed by any qualified voters registered and residing within the said proposed public service district, the Court did proceed to ear and consider testimony and evidence relating to the feasibility of the creation of the aid public service district from all of which the Court does find that it is feasible and esirable to create the proposed Claywood Park Public Service District and that the construction and acquisition and maintenance, operation and improvement of the public service properties by the proposed public service district will be conducive to the preservation of public ealth and convenience within the area of the proposed public service district hereinafter escribed. It is accordingly ORDERED as follows:

1. That a public service district within Wood County, West Virginia, is hereby created nd said district shall have the following boundaries:

BEGINNING on the northerly bank of the Little Kanawha River at a point in the center of Worthington Creek and thence with the center line of Worthington Creek upstream in a general northeasterly direction fifteen hundred (1500) feet more or less to a point; thence south thirty (30) degrees east eight thousand one hundred (8,100) feet more or less to a point; thence north sixty-three (63) degrees east crossing Dry Run twelve hundred (1200) feet more or less to a point; thence south seventy-three (73) degrees ten (10) minutes east eighteen hundred (1800) feet more or less to a point in the westerly controlled access right-of-way line of Interstate Route #77; thence north seventy-eight (78) degrees fifty (50) minutes west fifty-five hundred (5500) feet more or less to a point; thence north ten (10) degrees east crossing U. S. Route #50 six thousand four hundred (6,400) feet to a point; thence south forty-one (41) degrees east twenty-nine hundred (2900) feet to a point; thence south three (3) degrees east twenty-five hundred (2500) feet a point; thence south sixty-five (65) degrees east twenty-nine hundred (2900) feet more or less to a point; thence south eight (8) degrees ten (10) minutes east twenty-two hundred (2200) feet more or less to a point; thence south forty (40) degrees twenty-five (25) minutes west crossing U. S. Route #50 five thousand four hundred (5,400) feet more or less to a point; thence west one hundred (100 feet to a point; thence south fifty(50) degrees thirty (30) minutes west crossing State Route #47 thirteen thousand two hundred (13,200) feet more or less to a point on the northerly bank of the Little Kanawha River; thence with the northerly bank of the Little Kanawha River down stream twenty-seven thousand (27000) feet more or less to the place of beginning.

2. That said public service district so created shall have the name and corporate title of Claywood Park Public Service District and shall constitute a public corporation and political subdivision of the State of West Virginia having all of the rights, powers and duties conferred

There appearing no further business to claim the attention of this Court, it is, hereby ordered that this Court do now adjourn to meet in regular session on Tuesday, the 24th day of November, 1964, at 9:30 o'clock A. M.

President

At a Regular Session of the County Commission, continued and held for the County of Wood at the Courthouse thereof, Monday, May 5, 2008, Present, Robert K. Tebay, President of said Commission, Rick Modesitt, and David Blair Couch, Commissioners.

The orders and proceedings of the previous sessions of this Commission, held on Thursday, May 1, 2008, were read before the County Commission, approved and ordered signed.

IN RE: RANDALL LAW—OATH OF OFFICE—REAPPOINTED TO THE CLAYWOOD PARK PUBLIC SERVICE DISTRICT BOARD.

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO-WIT:

I, RANDALL LAW, do solemnly swear or affirm that I will support the Constitution of the United States, the Constitution of West Virginia, and that I will faithfully and impartially discharge the duties of the office of REAPPOINTED TO THE CLAYWOOD PARK PUBLIC SERVICE DISTRICT BOARD in and for Wood County, West Virginia, to the best of my skill and judgment, during my continuance in the same, SO HELP ME GOD.

s/Randall Law

Subscribed and sworn to, before the County Commission, of Wood County, West Virginia, this 5th day of May, 2008.

Jamie Six
Clerk Wood County Court
By: Ruth A. McBride, Deputy

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission do now adjourn to meet in Regular Session, Thursday, May 8, 2008, at 9:30 o'clock A.M.

President

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: RANDALL LAW-OATH OF OFFICE-REAPPOINTED TO THE CLAYWOOD PARK PUBLIC SERVICE DISTRICT BOARD

and the same appears of record in my said Office in ORDER BOOK 68, Page 282

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 15th day of OCTOBER, 20 08.

JAMIE SIX, CLERK
WOOD COUNTY COMMISSION
By: Ruth A McBride
Deputy

Claywood

COPY

NOVEMBER 7, 2002

IN THE COUNTY COMMISSION OF WOOD COUNTY, WEST VIRGINIA

IN RE: THE COUNTY COMMISSION REAPPOINTED MICHAEL A. MILLER TO THE CLAYWOOD PARK PUBLIC SERVICE DISTRICT BOARD.

ORDER

On this date, the County Commission of Wood County, upon a motion made by Rick Modesitt, seconded by Robert K. Tebay, and passed, reappointed Michael A. Miller to the Claywood Park Public Service District Board. Said reappointment is pursuant to an Order appearing in Order Book 51, at Page 433 and bearing the date of April 1, 1991, dealing with the procedure policy for appointments to boards and authorities. Mr. Miller's new term will expire on November 1, 2008.

APPROVED:

THE COUNTY COMMISSION OF WOOD COUNTY

Robert K. Tebay, President

Rick Modesitt, Commissioner

A/436

COPY

NOVEMBER 1, 2004

IN THE COUNTY COMMISSION OF WOOD COUNTY, WEST VIRGINIA

IN RE: THE COUNTY COMMISSION REAPPOINTED EDNA SUMMERS TO THE CLAYWOOD PARK PUBLIC SERVICE DISTRICT BOARD. HER NEW TERM WILL EXPIRE NOVEMBER 1, 2010.

ORDER

On this date, and pursuant to an Order appearing in Order Book 51, at Page 433 and bearing the date of April 1, 1991, dealing with the procedure policy for appointments being made by the County Commission of Wood County, the County Commission, upon a motion made by K.D. Merritt, seconded by Robert K. Tebay and made unanimous by Rick Modesitt, reappointed Edna Summers to the Claywood Park Public Service District Board. Her new term will expire November 1, 2010.

APPROVED:

THE COUNTY COMMISSION OF WOOD COUNTY

Rick Modesitt, President

K.D. Merritt, Commissioner

Robert K. Tebay, Commissioner

P/531

THURSDAY, NOVEMBER 14, 2002
FOURTEENTH DAY

OCTOBER TERM
MOVEMBER. 2002

At a Regular Session of the County Commission, continued and held for the County of Wood at the Courthouse thereof, Thursday, November 14, 2002, Present, Robert K. Tebay, President of said Commission, Rick Modesitt, and K. D. Merritt, Commissioners.

The orders and proceedings of the previous sessions of this Commission, held on Thursday, November 7, 2002, Tuesday, November 12, and Wednesday, November 13, 2002, were read before the County Commission, approved and ordered signed.

IN RE: MICHAEL A. MILLER—OATH OF OFFICE—REAPPOINTED MEMBER OF THE CLAYWOOD PUBLIC SERVICE DISTRICT BOARD.

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO-WIT:

I, MICHAEL A. MILLER, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and that I will faithfully and impartially discharge the duties of the office of REAPPOINTED MEMBER TO THE CLAYWOOD PUBLIC SERVICE DISTRICT BOARD in and for Wood County, West Virginia, to the best of my skill and judgme during my continuance in the same; SO HELP ME GOD.

s/ Michael A. Miller

Subscribed and sworn to, before the County Commission of Wood County, West Virginia, this 14th day of November, 2002

Jamie Six,
Clerk Wood County Commission
By: Brenda Blondin, Deputy"

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission do now adjourn to meet in Regular Session, Thursday, November 18, 2002, at 9:30 o'clock A.M.

President

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: MICHAEL A. MILLER-OATH OF OFFICE-REAPPOINTED MEMBER OF THE CLAYWOOD PARK PUBLIC SERVICE DISTRICT BOARD

and the same appears of record in my said Office in ORDER BOOK 65, Page 355

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 15th day of OCTOBER, 20 08.

JAMIE SIX, CLERK
WOOD COUNTY COMMISSION
By: Ruth A. McBride
Deputy

MONDAY, NOVEMBER 22, 2004
SEVENTEENTH DAY

OCTOBER TERM
2004

NOVEMBER,
66/452

At a Regular Session of the County Commission, continued and held for the County of Wood at the Courthouse thereof, Monday November 22, 2004, Present, Rick Modesitt, President of said Commission, K. D. Merritt, and Robert K. Tebay, Commissioners.

The orders and proceedings of the previous sessions of this Commission, held on Thursday, November 18, 2004, were read befor the County Commission, approved and ordered signed.

IN RE: EDNA SUMMERS—OATH OF OFFICE—REAPPOINTED MEMBER OF THE CLAYWOOD PARK PUBLIC SERVICE DISTRICT BOARD.

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO-WIT:

I, EDNA SUMMERS, do solemnly swear that I will support the Constitution of the United States, the Constitution of West Virginia, and that I will faithfully and impartially discharge the duties of the office of REAPPOINTED MEMBER OF THE CLAYWOO PARK PUBLIC SERVICE DISTRICT BOARD, in and for Wood County, West Virginia, to the best of my skill and judgment, during m continuance in the same; SO HELP ME GOD.

s/Edna Summers

Subscribed and sworn to, before the County Commission of Wood County, West Virginia, this 22nd day of November, 2004.

Jamie Six,
Clerk Wood County Commission
By: Brenda Blondin, Deputy

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission do now adjourn to meet in Regular Session, Monday, November 29, 2004, at 9:30 o'clock A.M.

President

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: EDNA SUMMERS-OATH OF OFFICE-REAPPOINTED MEMBER OF THE CLAYWOOD PARK PUBLIC SERVICE DISTRICT BOARD.

and the same appears of record in my said Office in ORDER BOOK 66 ,Page 452

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 15th day of OCTOBER, 20 08.

JAMIE SIX, CLERK
WOOD COUNTY COMMISSION
By: Ruth A. McBride
Deputy

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO WIT:

I JAMIE SIX, Clerk of the County Commission in and for the County of Wood and State of West Virginia, having a Seal, and the Officer in whose custody of files, books and records of said Office are required by laws of said State to be kept, do hereby certify that the attached and foregoing writing is a full, true and complete transcript and copy of

IN RE: RANDALL LAW-OATH OF OFFICE-REAPPOINTED TO THE CLAYWOOD PARK PUBLIC SERVICE DISTRICT BOARD

and the same appears of record in my said Office in ORDER BOOK 68 ,Page 282

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of said Office, at the City of Parkersburg, County of Wood and State of West Virginia, this the 15th day of OCTOBER, 20 08.

JAMIE SIX, CLERK
WOOD COUNTY COMMISSION
By: Ruth A McKenzie
Deputy

At a Regular Session of the County Commission, continued and held for the County of Wood at the Courthouse thereof, Monday, May 5, 2008, Present, Robert K. Tebay, President of said Commission, Rick Modesitt, and David Blair Couch, Commissioners.

The orders and proceedings of the previous sessions of this Commission, held on Thursday, May 1, 2008, were read before the County Commission, approved and ordered signed.

IN RE: RANDALL LAW—OATH OF OFFICE—REAPPOINTED TO THE CLAYWOOD PARK PUBLIC SERVICE DISTRICT BOARD.

STATE OF WEST VIRGINIA,
COUNTY OF WOOD, TO-WIT:

I, RANDALL LAW, do solemnly swear or affirm that I will support the Constitution of the United States, the Constitution of West Virginia, and that I will faithfully and impartially discharge the duties of the office of REAPPOINTED TO THE CLAYWOOD PARK PUBLIC SERVICE DISTRICT BOARD in and for Wood County, West Virginia, to the best of my skill and judgment, during my continuance in the same, SO HELP ME GOD.

s/Randall Law

Subscribed and sworn to, before the County Commission, of Wood County, West Virginia, this 5th day of May, 2008.

Jamie Six
Clerk Wood County Court
By: Ruth A. McBride, Deputy

There appearing no further business to claim the attention of this Commission, it is hereby ordered that this Commission do now adjourn to meet in Regular Session, Thursday, May 8, 2008, at 9:30 o'clock A.M.

President

RULES OF PROCEDURE

PUBLIC SERVICE DISTRICT

ARTICLE I
NAME AND PLACE OF BUSINESS

Section 1. The name of this Public Service District shall be CLAYWOOD PARK PUBLIC SERVICE DISTRICT (the "District").

Section 2. The principal office of the District will be located in Wood County, West Virginia.

Section 3. The official seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Claywood Park Public Service District, and in the center "seal" as follows:

Section 4. The fiscal year of the District shall begin on the 1st day of July in each year and shall end on June 30 of the following year.

ARTICLE II
PURPOSE

Section 1. The District is organized and operated exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act").

ARTICLE III
MEMBERSHIP

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

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

Section 3. The District shall provide to the Public Service Commission of West Virginia, within 30 days of the appointment, the following information: the new board member's name, home address, home and office phone numbers, date of appointment, length of term, who the new member replaces and if the new appointee has previously served on the board, and such other information required under the Act.

Section 4. Each board member shall, within 6 months of taking office, successfully complete the training program established and administered by the Public Service Commission of West Virginia in conjunction with the West Virginia Division of Environmental Protection and the West Virginia Bureau for Public Health.

Section 5. Board members shall not be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service, or in furnishing any supplies or materials to the District, nor shall a former board member be hired by the District in any capacity within a minimum of 12 months after such board member's term has expired or after such board member has resigned from the Board.

Section 6. Salaries of the board members shall be established as provided in Chapter 16, Article 13A, Section 4 of the Act. The District shall certify the number of customers served to the Public Service Commission of West Virginia on the first day of July each year. Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties.

Section 7. The members of the Board are not personally liable or responsible for any obligations of the District or the Board but are answerable only for willful misconduct in the performance of their duties.

ARTICLE IV
MEETINGS OF THE BOARD

Section 1. The members of the Board shall hold regular monthly meetings on such days of each month and 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 Board may be called at any time by the Chairman or by a quorum of the Board.

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

Section 3. Unless otherwise waived, notice to members of regular meetings shall be by letter or telephone. Unless otherwise waived, notice to members of each special meeting shall be by letter or telephone not less than 48 hours 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 at such meeting, and no business other than that stated in the notice shall be transacted at such special meeting.

Section 4. Pursuant to Chapter 6, Article 9A, Section 3 of the Code of West Virginia, 1931, as amended, notice of the date, time, place and agenda of all regularly scheduled meetings of the Board, and the date, time, place and purpose of all special meetings of the Board, shall be made available, in advance, to the public and news media as follows:

Rule No. 1. Notice of Regularly Scheduled Meetings. Immediately after adoption of these Rules of Procedure and in July of each year thereafter, the Board shall instruct the Secretary to, and the Secretary shall, post, and leave posted throughout the year to which it applies, at the regular meeting place of the Board and at the Wood County Courthouse, where notices customarily are posted, a notice setting forth the date, time and place of the Board's regularly scheduled meetings for the ensuing year. In addition, a copy of the agenda for each regularly scheduled meeting shall also be posted at the same location by the Secretary not less than 48 hours before such regular meeting is to be held.

The Board shall also instruct the Secretary to, and the Secretary shall, distribute to each of the newspapers and other news media listed below a notice identical to that posted:

News Media	Address
WTAP-TV	One Television Plaza Parkersburg, West Virginia 26101
WXIL-FM, WHBR-FM, WGGE-FM, WKYG-AM WADC-AM	P. O. Box 1228 Parkersburg, West Virginia 26102
WRZZ-FM, WLTP-AM, WRVB-FM, WNUS-FM, WVVV-FM, WDMX-FM	P. O. Box 5559 Vienna, West Virginia 26105
The Parkersburg News	519 Juliana Street Parkersburg, West Virginia 26101
The Parkersburg Sentinel	519 Juliana Street Parkersburg, West Virginia 26101
Wirt County Journal	P. O. Box 309 Elizabeth, West Virginia 26143

A notice shall be considered distributed to a news medium when it has either been (i) addressed to such news medium at the address listed above, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail or (ii) sent by facsimile transmission to such news medium. In July of each year after the adoption of these Rules of Procedure, the Board shall review the above list and shall amend such list as needed, in the opinion of the Board, to reflect properly all the newspapers and other news media that customarily cover news of the area served by the Board. In addition, a copy of the agenda for each regularly scheduled meeting shall also be distributed to the news media by the Secretary not less than 48 hours before such regular meeting is to be held.

In the event of any modification to the date, time, place or agenda of a regularly scheduled meeting of the Board, notice of such modification shall immediately be given to the public and news media by posting at the places and distributing to the news

media in the manner set forth above. A copy of the notice of such modification shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Rule No. 2. Notice of Special Meetings. Not less than 48 hours prior to the date set for any special meeting of the Board, the Board shall instruct the Secretary to, and the Secretary shall, post at the regular meeting place of the Board and at the Wood County Courthouse, where notices customarily are posted, a notice setting forth the date, time, place and purpose or purposes of such special meeting. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

As soon as practical after the posting of said notice, but not less than 48 hours prior to the date set for such special meeting, the Secretary shall distribute to each of the newspapers and other news media listed in Rule No. 1 hereof, a notice identical to that posted. Amendments made to such news media list, as provided for in said Rule No. 1, shall be incorporated by reference in this Rule No. 2. A notice shall be considered distributed to a news medium when it has either been (i) addressed to such news medium at the address listed in said Rule No. 1, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail or (ii) sent by facsimile transmission to such news medium.

A copy of such notice posted and distributed pursuant to this Rule No. 2 shall be attached to and made a part of the minutes of the meeting for which such notice was given.

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

Rule No. 4. Executive Sessions. The Board may hold an executive session during a regular, special or emergency meeting in accordance with Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended. During the open portion of the meeting, prior to convening an executive session, the Chairman shall identify the authorization under Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended, for holding the executive session and present it to the Board and to the general public, but no decision may be made in the executive session. An executive session may be held only upon a majority affirmative vote of the Board members present. The Board may

hold an executive session and exclude the public only when a closed session is required for any of the actions permitted under Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended.

Rule No. 5. Minutes. The Board shall provide for the preparation of written minutes of all of its meetings. Subject to the exceptions set forth in Chapter 6, Article 9A, Section 4 of the Code of West Virginia, 1931, as amended, minutes of all meetings except minutes of executive sessions, if any are taken, shall be available to the public within a reasonable time after the meeting and shall include, at least, the following information:

(1) The date, time and place of the meeting;
(2) The name of each Board member present and absent;
(3) All motions, proposals, resolutions, orders, ordinances and measures proposed, the name of the person proposing the same and their disposition; and
(4) The results of all votes and, upon the request of a Board member, the vote of each Board member, by name.

Rule No. 6. No Actions by Reference. Except as otherwise expressly provided by law, the Board may not deliberate, vote, or otherwise take official action upon any matter by reference to a letter, number or other designation or other secret device or method, which may render it difficult for persons attending a meeting to understand what is being deliberated, voted or acted upon. However, this rule does not prohibit the Board from deliberating, voting or otherwise taking action by reference to an agenda, if copies of the agenda, sufficiently worded to enable the public to understand what is being deliberated, voted or acted upon, are available for public inspection at the meeting. The Board may not vote by secret or written ballot.

Rule No. 7. Broadcasting of Meetings. Except as otherwise provided in this rule, any radio or television station is entitled to broadcast all or any part of a Board meeting required to be open. The Board may regulate the placement and use of equipment necessary for broadcasting, photographing, filming or recording a meeting, so as to prevent undue interference with the meeting. The Board shall allow the equipment to be placed within the meeting room in such a way as to permit its intended use, and the ordinary use of the equipment may not be declared to constitute undue interference; provided, that if the Board, in good faith, determines that the size of the meeting room is such that all the members of the public present and the equipment and personnel necessary for broadcasting, photographing, filming and tape-recording the meeting cannot be accommodated in the meeting room without unduly interfering with the meeting and an adequate alternative meeting room is not readily available, then the Board, acting in good faith and consistent

with the purposes of this rule, may require the pooling of the equipment and the personnel operating it.

Rule No. 8. Telephonic Meetings. Board meetings may be held by telephone conference or other electronic means. All Board members participating by telephone or other electronic means must be audible to all those personally present.

Section 5. All meetings of any committee of the Board shall be subject to the Rules of Procedure set forth in Section 4 above.

ARTICLE V
OFFICERS

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

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

ARTICLE VI
DUTIES OF OFFICERS

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

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

Section 3. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. If requested by the County Commission, duplicate records shall be filed with the County Commission and shall include the minutes of all Board meetings. He/She shall, together with the Chairman, sign the minutes of the meetings at which he/she is present. The Secretary shall have charge of the minute book, be the custodian of deeds and other documents and papers of the Board. He/She shall also perform such other duties as may be required of him/her by law or as may be conferred upon him/her from time to time by the members of the Board.

Section 4. The Treasurer shall be the lawful custodian of all funds of the District and shall pay same out on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him/her 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. The Treasurer shall keep and preserve all financial records of the District for 10 years and shall at all times have such records readily available for public inspection. At the end of his/her term of office, the Treasurer shall promptly deliver all financial records of the District to his successor in office. He/She shall also perform such other duties as may be required of him/her by law or as may be conferred upon him/her from time to time by the members of the Board. The Treasurer shall furnish bond in an amount to be fixed by the Board for the use and benefit of the District.

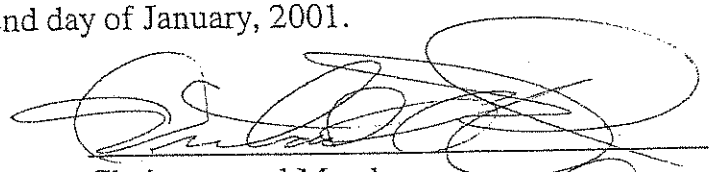
Section 5. No money may be paid out by the District except upon an order signed by the Chairman and Secretary, or such other person or persons authorized by the Chairman or the Secretary, as the case may be, to sign such orders on their behalf. Each order for the payment of money shall specify the purposes for which the amount thereof is to be paid, with sufficient clearness to indicate the purpose for which the order is issued, and there shall be endorsed thereon the name of the particular fund out of which it is payable and it shall be payable from the fund constituted for such purpose, and no other. All such orders shall be reflected in the minutes of the next meeting of the Board.

Section 6. The members and officers of the Board shall make available to the County Commission, at all times, all of its books and records pertaining to the District's operation, finances and affairs, for inspection and audit.

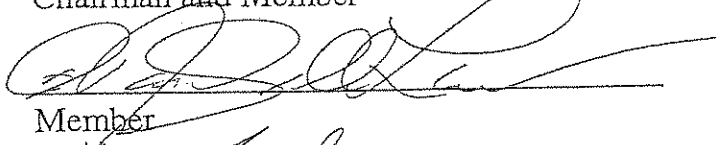
ARTICLE VII
AMENDMENTS TO RULES OF PROCEDURE

Section 1. These Rules of Procedure may be altered, changed, amended or added to at any regular or special meeting of the Board when a quorum is present and a majority of those present vote for the alteration, change, amendment or addition; but no such alteration, change, amendment or addition shall be made at any special meeting unless notice of the intention to propose such alteration, change, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such special meeting.

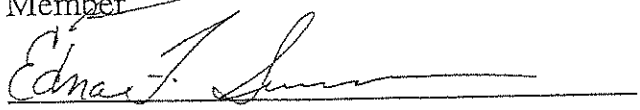
Adopted this 2nd day of January, 2001.



Chairman and Member



Member



Member

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 27th day of December, 2007.

CASE NO. 07-2390-PSD-PC

CLAYWOOD PARK PUBLIC SERVICE DISTRICT
Parkersburg, Wood County, WV 26102.

Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing wastewater system; and for approval of the financing thereof.

NOTICE OF FILING

WHEREAS, on December 27, 2007, Claywood Park Public Service District, (the "District") filed an application, duly verified, for a Certificate to construct certain additions, improvements and extensions to its existing wastewater system in Wood County. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

WHEREAS, the District estimates that construction will cost approximately seven million, $7,000,000). It is proposed that the construction will be financed as follows: (i) by a one million five hundred thousand dollar ($1,500,000) loan from the West Virginia Infrastructure and Jobs Development Council (the "WVIJDC") payable over 40 years at 0% interest; (ii) by a five hundred thousand dollar ($500,000) grant from the WVIJDC; and (iii) by a five million dollar ($5,000,000) "wrap" loan from the Clean Water State Revolving Fund at 0% interest with 0.5% administrative fee payable over 40 years with debt service to begin within two years and step up as the existing Series 1989 bonds are repaid.

The District proposes improvements to the existing wastewater facilities, consisting of construction of the following: Treatment Plant - Construction of the Wastewater Treatment Plant consisting of all work necessary to upgrade the existing 240,000 gpd Sequencing Batch Reactor (SBR) wastewater treatment plant to 333,000 gpd capacity. Work scope will include screening, grit removal, new SBR treatment system including fine bubble aeration and new automated controls, sludge disposal facilities including a new belt filter press, ultraviolet disinfection, effluent lift station, three buildings, site piping, miscellaneous electrical work, renovations to the existing treatment plant facilities and building, access road, fencing, landscaping and other incidental work required for a complete operating wastewater treatment plant; Collection System - Construction of the sewage collection system consisting of all work necessary to install approximately 86 feet of 30 inch gravity sewer, 1,353 feet of 8 inch gravity sewer and 2,759 feet of 6 inch gravity sewer; 4,855 feet of 4 inch gravity sewer; 23,000 feet of 8 inch force main; 4,663 feet of 4 inch force main; 1,050 feet of 3 inch pressure sewer; 18,423 feet of 2 inch pressure sewer; 20,615 feet of 1 1/4 inch feet of 3 inch pressure sewer; 18,423 feet of 2 inch pressure sewer; 20,615 feet 1 1/4 inch pressure sewer; 9 manholes; 3,000 feet of highway borings; 129 grinder pumps; 4 tie-ins to the existing sewers and other work required for a complete operating wastewater collection system. Construction of four (4) lift stations consisting of precast concrete structures, piping, pump installation, generators, landscaping, fencing and other incidental work required for a complete operating lift stations. The system is designed to serve 339 new customers and appurtenances relating thereto (the "Project").

WHEREAS, the District does not anticipate a rate increase for the Project.

Pursuant to §24-2-11; West Virginia Code, IT IS ORDERED that the District give notice of the filing of said application, by publishing a copy of this order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Wood County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following

.....MARY J BUCK.....

Being first duly sworn, says that the

..."PSC – CLAYWOOD PARK PSD".....

.....

Hereto attached was printed in the

..XX...The Parkersburg News,

.....The Marietta AM,

.....The Parkersburg Sentinel,

A daily newspaper published in the City of Parkersburg, Wood County, West Virginia, for ..ONE. successive Week(s), the first publication and posting thereon being on the .....7TH...day of ...JANUARY.. 2008.., and subsequent publication on the .....N/A..... day (s) of ..... 20.....

2008 JAN 10 A 11:56 PSC

Printer's Fee	**$..157.43...**
Notarized Signature	**$.....2.00...**
Additional Copy Fee	**$.....**
Total Due:	**$...159.43...**

By: Mary J Buck

Subscribed and sworn to before me this

7th day of January 2008.

Melani Zyla

Notary Public for Wood County, West Virginia

My commission expires 3-23-14

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
MELANI ZYLA
1629 - 10th ST, PARKERSBURG, WV 26101
MY COMMISSION EXPIRES MARCH 23, 2014

RECEIVED
08 JAN 11 PM 4:03
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

CLAYWOOD PARK PUBLIC SERVICE DISTRICT
P.O. BOX 127
PARKERSBURG, WV 26102

DATE: FEBRUARY 12, 2008
TIME: 6:00 P.M.
PLACE: CLAYWOOD PARK OFFICE
ATTENDING: Todd Grinstead, Donna Ingraham, Shayne Brabham, Michael Miller, Edna Summers, Randy Law, Mike Davis with Floyd Brown Group.

Mike Miller, Chairman of the Board, called the meeting to order and said if there were no objections, the District would dispense with the reading of the minutes from the previous meeting. There were no objections. Mike then turned the meeting over to Todd Grinstead, General Manager of the District.

Election of Officers –Edna Summers made a motion for the officers to stay the same as last year. Randy Law seconded. Motion carried. Those officers are Mike Miller, Chairman of the Board, Randy Law, Secretary, Edna Summers, Member and Donna Ingraham, Treasurer. ✓

Disbursements- The January disbursements and accounts payable were approved and initialed by the Commissioners.

Questions or Comments from the Public- There were none.

Plant Upgrade- A motion was made to sign and pay Requisition #19 for $116,474.12. For invoices from Cerrone Associates and Orders Construction Company and Claywood Park. Motion by Randy and seconded by Edna. Motion carried.

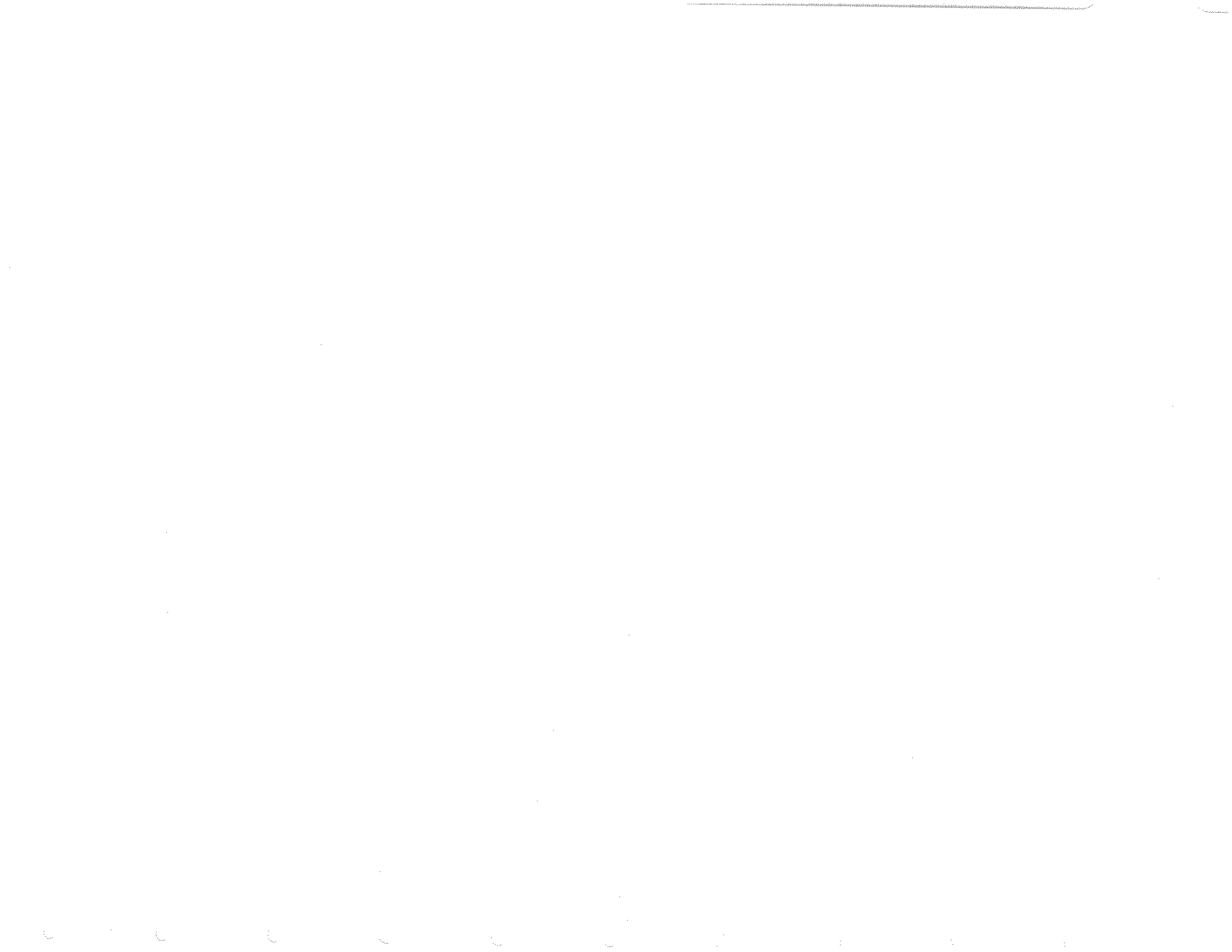
A motion was made by Randy and seconded by Edna to sign the Addendum # 6. Completion date moved and will require engineering longer. Motion carried.

A motion was made by Randy and seconded by Edna to sign Change Order # 10. Motion carried.

Red Hill Sewer Project- Todd said that the DEP has talked with Mannning at Cerrone Associates. Finish a few loose ends and will be ready to go to bid end of May.

Riser Ridge/Laurel Fork Project- Todd said that he was informed that we didn't get any of the Small City Grant Money.

System Improvements Project – (New Office, Metering System included.)
Todd said that we are waiting on some paperwork from Steve Hardman so we can go to bid next week. A motion was made by Edna and seconded by Randy to have Mike sign the Bowles Rice McDavid, Graff & Love Bond Counsel Agreement. Motion carried. A motion was made by Edna and seconded by Randy to have Mike sign the accounting service agreement with Bassett & Lowe. Motion carried.



CLAYWOOD PARK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

EXCERPT OF MINUTES ON ADOPTION OF BOND RESOLUTION, SUPPLEMENTAL RESOLUTION, SWEEP RESOLUTION AND DRAW RESOLUTION

The undersigned SECRETARY of Claywood Park Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service District:

*** *** ***

Claywood Park Public Service District met in regular session, pursuant to notice duly posted, on the 21th day of October, 2008, in Parkersburg, West Virginia, at the hour of 6:00 p.m.

PRESENT:	Michael A. Miller	-	Chairman
	Randall Law	-	Secretary
	Edna Summers	-	Boardmember

Michael A. Miller, Chairman, presided, and Randall Law, 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, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF CLAYWOOD PARK PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $5,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM), AND $1,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 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 by Edna Summers and seconded by Randall Law, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Supplemental Bond 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 SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA SRF PROGRAM) AND SEWER REVENUE BONDS, SERIES 2008 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF CLAYWOOD PARK PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; 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 by Randall Law and seconded by Edna Summers, it was unanimously ordered that the said Supplemental Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Sweep Resolution for the authorization of electronic monthly debt service and reserve fund payments to the Municipal Bond Commission.

Thereupon, on motion duly made by Randall Law and seconded by Edna Summers, it was unanimously ordered that the said Sweep Resolution be adopted.

Next, the Chairman presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Randall Law and seconded by Edna Summers, it was unanimously ordered that the said Draw Resolution be adopted.

*** *** ***

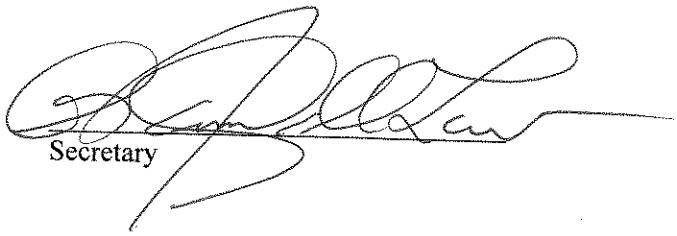
There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Claywood Park Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 27th day of October, 2008.



Secretary

10.20.08
163950.00001

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: Oct. 27, 2008

(See Reverse for Instructions)

ISSUE: Claywood Park Public Service District
Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program)

ADDRESS: Post Office Box 127, Parkersburg, WV 26102 COUNTY: Wood

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 27-Oct-08 CLOSING DATE: 27-Oct-08

ISSUE AMOUNT: $5,500,000 RATE: 0% 1/2 % admin fee

1ST DEBT SERVICE DUE: 1-Sep-10 1ST PRINCIPAL DUE 1-Sep-10

1ST DEBT SERVICE AMOUNT $15,199 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK:
Bank: WesBanco
Contact: Joe Campbell
Phone: 304.480.2500

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Todd Grinstead
Position: General Manager
Phone: 304.422.6042

OTHER:
Agency: West Virginia Department of Environmental Protection
Contact: Rosalie Brodersen
Position: Program Manager
Phone: 926.0499 x 1608

DEPOSITS TO MBC AT CLOSE
By: ____ Wire ____ Accrued Interest: $
____ Check ____ Capitalized Interest: $
____ Reserve Account: $
____ Other: $

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire ____ To Escrow Trustee $
____ Check ____ To Issuer $
____ IGT ____ To Cons. Invest. Fun $
____ To Other: ____ $

NOTES: The Series 2008 A Bonds Reserve Account will be funded monthly and the Issuer has also covenanted to transfer the Series 1989 A Bonds Reserve Account; Series 1989 B Bonds Reserve Account; and Series 2001 Bonds Reserve Account to the Series 2008 A Bonds Reserve Account upon the maturity of the Series 1989 A Bonds; Series 1989 B Bonds and Series 2001 A Bonds respectively

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

26A

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 specificed 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
1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 27-Oct-08

(See Reverse for Instructions)

ISSUE: Claywood Park Public Service District
Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund)

ADDRESS: P.O. Box 127, Parkersburg, WV 26102 COUNTY: Wood

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 27-Oct-08

CLOSING DATE: 27-Oct-08

ISSUE AMOUNT: $1,500,000

RATE: 0%

1ST DEBT SERVICE DUE: 1-Sep-10

1ST PRINCIPAL DUE 1-Sep-10

1ST DEBT SERVICE AMOUNT $9,804

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK:
Bank:
Contact:
Phone:

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Todd Grinstead
Position: General Manager
Phone: 304.422.6042

OTHER:
Agency: West Virginia Inftrastructure & Jobs Development Council
Contact: Jefferson Brady, PE
Position: 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. Fun $
____ To Other: ____ $

NOTES: Series 2008 B Bonds Reserve Account to be funded over 10 years

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

26B

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 specificed 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.

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

WesBanco Bank, Parkersburg, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution of Claywood Park Public Service District (the "Issuer") adopted October 21, 2008, and the Supplemental Resolution of the Issuer adopted October 21, 2008 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), and Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), both dated October 27, 2008, issued in the respective principal amounts of $5,500,000 and $1,500,000 (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 27th day of October, 2008.

WESBANCO BANK

By: _____
Its Authorized Officer

163950.00001

CH4937714.2

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Claywood Park Public Service District Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), and Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), both dated October 27, 2008, issued in the respective principal amounts of $5,500,000 and $1,500,000 (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 27th day of October, 2008.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of Claywood Park Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), of the Issuer, dated October 27, 2008, in the principal amount of $5,500,000, numbered AR-1, and the single, fully registered Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), of the Issuer, dated October 27, 2008, in the principal amount of $1,500,000, 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 The Huntington National Bank, as Registrar.

WITNESS my signature on this 27th day of October, 2008.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

10.08.08

CH4937711.2

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 27th day of October, 2008, by and between CLAYWOOD PARK PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $5,500,000 Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), and $1,500,000 Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund), in fully registered form (collectively, the "Bonds"), pursuant to the Bond Resolution of the Issuer duly adopted October 21, 2008, and the Supplemental Resolution of the Issuer duly adopted October 21, 2008 (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 exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the 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: Claywood Park Public Service District
Post Office Box 127
Parkersburg, West Virginia 26102
Attention: General Manager

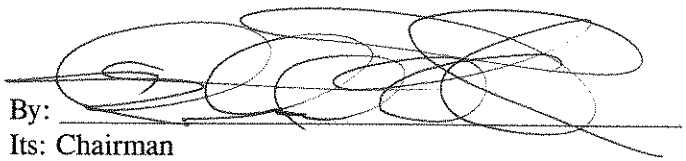
REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

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

[Remainder of Page Intentionally Left Blank]

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.

CLAYWOOD PARK PUBLIC SERVICE DISTRICT



By: _____
Its: Chairman

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

10.08.08
163950.00001

EXHIBIT A

Bond Legislation included in bond transcript as Documents Nos. 1 and 2.

SCHEDULE OF COMPENSATION

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF REGISTRAR'S FEES
Invoice Date September 25, 2008

Claywood Park Public Service District
Account Number 6089001809

Claywood Park Public Service District
Sewer Revenue Bonds, Series 2008 A
John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR September, 2008

****

TOTAL AMOUNT	$	500.00
TOTAL DUE	**$**	**500.00**

* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
* .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: BARRY. . *
* .. GRIFFITH, PO BOX 633, CHARLESTON, WV 25322-0633 . . . . . *

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304)348-5035

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF REGISTRAR'S FEES
Invoice Date September 25, 2008

Claywood Park Public Service District
Account Number 6089001809

Claywood Park Public Service District
Sewer Revenue Bonds, Series 2008 B
John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR September, 2008

****

TOTAL AMOUNT	$	500.00
TOTAL DUE	**$**	**500.00**

* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
* .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: BARRY. . *
* .. GRIFFITH, PO BOX 633, CHARLESTON, WV 25322-0633 . . . . . .*

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304)348-5035

west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street SE
Charleston, WV 25304
Phone Number: (304) 926-0495
Fax Number: (304) 926-0463

Joe Manchin III, Governor
Randy C. Huffman, Cabinet Secretary
www.wvdep.org

October 24, 2008

Todd Grinstead, General Manager
Claywood Park PSD
PO Box 127
Parkersburg, WV 26103-0127

CERTIFIED RETURN RECEIPT REQUESTED

Re: WV/NPDES Permit No. WV0043991
Modification No. 1

Dear Mr. Grinstead:

This correspondence shall serve as WV/NPDES Water Pollution Control Permit Modification No. 1, of your existing WV/NPDES Water Pollution Control Permit No. WV0043991, issued the 22nd day of June 2004.

After review and consideration of the information submitted on, and with, WV/NPDES Water Pollution Control Permit Modification Application No. WV0024431-A, dated the 27thnd day of November 2007, and other relevant information, the subject Permit is hereby modified to incorporate the following data and changes, respectively.

- **Contract #1:**
  To construct, install, operate and maintain a wastewater treatment system upgrade consisting of all work necessary to construct an upgrade of the existing Sequencing Batch Reactor (SBR) wastewater treatment plant to 330,000 gpd, including head works, treatment facilities, ultraviolet disinfection channel, effluent lift station, site piping, miscellaneous electrical work, renovations to the existing treatment plant, access road, fencing, landscaping and other incidental work required for a complete operating wastewater treatment plant.

- **Contract #2:**
  To construct, install, operate and maintain a wastewater collection system upgrade of the existing wastewater collection system comprised of approximately 86 linear feet of 30 inch gravity sewer line, 1,353 linear feet of eight(8) inch gravity sewer line, 2,750 linear feet of six(6) inch gravity sewer line, 4,655 linear feet of four(4) inch gravity sewer line, 23,000 linear feet of eight(8) force main, 4,663 linear feet of four(4) inch force main,

1,050 linear feet of three(3) inch pressure sewer, 18,423 linear feet of two(2) inch pressure sewer, 20,615 linear feet of 1 ¼ inch pressure sewer, 9 manholes, 3,000 linear feet of highway borings, 129 grinder pumps, 4 tie-ins to the existing sewers and other work required for a complete operating wastewater collection system. Construction of four(4) lift stations consisting of precast concrete structures, piping installation, generators, landscaping, fencing and other incidental work required for a complete operating lift station.

- The wastewater facility improvements shall be constructed in accordance with the plans and specifications approved by WVDEP Engineering Branch the 16th day of November 2007, prepared by Cerrone Associates, Inc.; 401 Main Street; Wheeling, West Virginia; and entitled "Claywood Park PSD Red Hill Area Sanitary Sewer Project"; Wood County West Virginia; Contract #1;Contract #2; SRF Project No. C-544063.

- Section A.003 and revised Section C pages shall be incorporated in the permit to reflect the increase in flow resulting from the completion of the plant upgrade discharging via Outlet No. 003. Upon completion of the wastewater treatment system upgrade Outlet No. 003 shall replace Outlet No. 001. The revised Section C pages 12A, 12B, 12C, of 15 shall replace Section C pages 10, 11, 12 of 15 of the existing permit

- The permittee shall notify this Division when the upgrade to the wastewater treatment plant is complete. Upon completion of the upgrade to the wastewater treatment plant, the permittee shall use Outlet No. 003 Discharge Monitoring Reports (DMRs) to report effluent sampling results.

Enclosed are incorporated Section A.003 pages 4A, 4B of 15, incorporated Section C pages 12A, 12B, 12C of 15 and the corresponding Discharge Monitoring Reports. These documents shall be incorporated, as appropriate, into your existing WV/NPDES Water Pollution Control Permit WV0043991. All other terms and conditions of the subject WV/NPDES Water Pollution Control Permit shall remain in effect and unchanged. If you should have any questions, please contact Renee Clevenger of this division at (304) 926-0499 x1016.

Sincerely,

Scott G. Mandirola
Acting Director

LAM/rc
cc: Env. Inspector Supervisor
Env. Inspector, Wood County

Manning Frymier
Cerone Associates, Inc.
401 Main Street
Wheeling, WV 26003

IC-2

(7/30/01)

GRANT AGREEMENT

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and CLAYWOOD PARK PUBLIC SERVICE DISTRICT (95S-148) (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed $500,000 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

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

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

5. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

6. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

7. The Governmental Agency shall list the Grant 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.

8. This Grant Agreement shall be governed by the laws of the State of West Virginia.

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

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

By:
Its: Chairman
Date: October 27, 2008

(SEAL)

Attest:

Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By:
Its: Executive Director
Date: October 27, 2008

(SEAL)

Attest: Barbara B Meadows

Its: Secretary-Treasurer

Exhibit A

Project Description

The Project consists of improvements and extensions to the existing public sewerage system of the Issuer, consisting of expansions of the sewage collection system including construction of gravity sewer main, pressure sewer main, manholes, grinder pumps, and four lift stations and the upgrade of the treatment plant which includes upgrading the SBR basins and aeration system, installing new headworks and UV disinfection system, effluent lift station and belt filter press, together with all appurtenant facilities.

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 10/21/2008

PRODUCER (304)375-4900 FAX (304)375-2162
Bill Bailey Insurance Agency
701 Highland Avenue
P. O. Box 246
Williamstown, WV 26187

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED Claywood Park Public Service District
P.O. Box 127
Parkersburg,, WV 26102

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: American Alternative Insurance	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY [X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [ ] POLICY [ ] PRO-JECT [ ] LOC	SP9154037-00	07/01/2008	07/01/2009	EACH OCCURRENCE	$ 1,000,000
						DAMAGE TO RENTED PREMISES (Ea occurence)	$ 100,000
						MED EXP (Any one person)	$ 10,000
						PERSONAL & ADV INJURY	$ 3,000,000
						GENERAL AGGREGATE	$ 3,000,000
						PRODUCTS - COMP/OP AGG	$ 3,000,000
		AUTOMOBILE LIABILITY [ ] ANY AUTO [ ] ALL OWNED AUTOS [ ] SCHEDULED AUTOS [ ] HIRED AUTOS [ ] NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident)	$
						BODILY INJURY (Per person)	$
						BODILY INJURY (Per accident)	$
						PROPERTY DAMAGE (Per accident)	$
		GARAGE LIABILITY [ ] ANY AUTO				AUTO ONLY - EA ACCIDENT	$
						OTHER THAN AUTO ONLY: EA ACC	$
						AGG	$
A		EXCESS/UMBRELLA LIABILITY [X] OCCUR [ ] CLAIMS MADE [ ] DEDUCTIBLE [ ] RETENTION $	SX9251445-00	07/01/2008	07/01/2009	EACH OCCURRENCE	$ 1,000,000
						AGGREGATE	$ 1,000,000
							$
							$
							$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				[ ] WC STATUTORY LIMITS [ ] OTHER	
						E.L. EACH ACCIDENT	$
						E.L. DISEASE - EA EMPLOYEE	$
						E.L. DISEASE - POLICY LIMIT	$
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

The certificate holder listed below is named as Additional Insured

CERTIFICATE HOLDER

WV Water Development Authority
180 Association Drive
Charleston, WV 25311-1217

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

ACORD 25 (2001/08)

©ACORD CORPORATION 1988

west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street SE
Charleston, WV 25304
Phone: (304) 926-0495
Fax: (304) 926-0496

Joe Manchin III, Governor
Stephanie R. Timmermeyer, Cabinet Secretary
www.wvdep.org

November 16, 2007

Todd Grinstead, General Manager
Claywood Park Public Service District
P.O. Box 127
Parkersburg, WV 26102

RE: Claywood Park PSD
Red Hill Area Sanitary
Sewer Project
SRF No. C-544063

Dear Mr. Grinstead:

The plans and specifications for the above referenced project are hereby approved.

This approval DOES NOT constitute authority to advertise for bids. You will be advised by separate letter from this agency as to when such an advertisement can be initiated.

Please be advised it will be necessary to issue an addendum to the contract documents prior to opening of bids to include the current minimum prevailing wages, as promulgated by the WV Division of Labor. This and all addenda and revisions to the contract documents must be telefaxed to this office for approval and issued to plan holders five (5) days prior to bid opening. Failure to submit addenda in a timely manner will automatically nullify approval to open bids. Any addenda issued inside the five (5) day period prior to the bid opening must include an automatic extension to the bid opening date of a minimum of seven (7) days.

If any questions arise, please contact Jason Billups P.E. at (304) 926-0499 ext. 1590.

Sincerely,

Lisa A. McClung
Director

LAM/jb
cc: Manning Frymier, Cerrone Associates
Jefferson Brady, P.E., Executive Director, IJDC

RECEIVED
NOV 26 2007

 BY:_____

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2001

(WEST VIRGINIA SRF PROGRAM)

BOND RESOLUTION

TABLE OF CONTENTS

Page

ARTICLE I - STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS 2
Section 1.01. Authority for this Resolution 2
Section 1.02. Findings 2
Section 1.03. Bond Legislation Constitutes Contract 4
Section 1.04. Definitions 4

ARTICLE II - AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND REFUNDING OF THE NOTES 13
Section 2.01. Authorization of Acquisition and Construction of the Project and Refunding of the Notes 13

ARTICLE III - AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF BOND PURCHASE AGREEMENT 14
Section 3.01. Authorization of Bonds 14
Section 3.02. Terms of Bonds 14
Section 3.03. Execution of Bonds 15
Section 3.04. Authentication and Registration 15
Section 3.05. Negotiability, Transfer and Registration 15
Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost 16
Section 3.07. Bonds not to be Indebtedness of the Issuer 16
Section 3.08. Bonds Secured by Pledge of Net Revenues, Lien Positions With Respect to Prior Bonds 16
Section 3.09. Delivery of Bonds 17
Section 3.10. Form of Series 2001 Bonds 17
Section 3.11. Sale of Series 2001 Bonds; Approval and Ratification of Execution of Bond Purchase Agreement with Authority and DEP 26
Section 3.12. Series 2001 Bonds are Issued as Parity Bonds With Respect to Series 1989 A Bonds 26
Section 3.13. "Amended Schedule A" Filing 26

ARTICLE IV - [RESERVED] 27

ARTICLE V - FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF 28
Section 5.01. Establishment of Funds and Accounts with Depository Bank 28
Section 5.01A. Establishment of Funds and Accounts with Revenue Fund Bank 28

Section 5.02. Establishment of Funds and Accounts with Commission 28
Section 5.03. System Revenues; Flow of Funds 29

ARTICLE VI - BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS 34
Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds . 34
Section 6.02. Disbursements From the Series 2001 Bonds Construction Trust Fund . . 35

ARTICLE VII - ADDITIONAL COVENANTS OF THE ISSUER 36
Section 7.01. General Covenants of the Issuer 36
Section 7.02. Series 2001 Bonds not to be Indebtedness of the Issuer 36
Section 7.03. Series 2001 Bonds Secured by Pledge of Net Revenues; Lien Positions With Respect to Prior Bonds 36
Section 7.04. Initial Schedule of Rates and Charges 36
Section 7.05. Sale of the System 37
Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances 38
Section 7.07. Parity Bonds 38
Section 7.08. Books, Records and Audit 40
Section 7.09. Rates 42
Section 7.10. Operating Budget and Monthly Financial Report 42
Section 7.11. Engineering Services and Operating Personnel 43
Section 7.12. No Competing Franchise 44
Section 7.13. Enforcement of Collections 44
Section 7.14. No Free Services 44
Section 7.15. Insurance and Construction Bonds 45
Section 7.16. Mandatory Connections 45
Section 7.17. Completion and Operation of Project; Permits and Orders 46
Section 7.18. Compliance With Bond Purchase Agreement and Law 46
Section 7.19. Securities Laws Compliance 46
Section 7.20. [RESERVED] 46
Section 7.21. Contracts; Public Releases 47
Section 7.22. Statutory Mortgage Lien 47

ARTICLE VIII - INVESTMENT OF FUNDS 48
Section 8.01. Investments 48
Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds 48

ARTICLE IX - DEFAULT AND REMEDIES 50
Section 9.01. Events of Default 50
Section 9.02. Remedies 50
Section 9.03. Appointment of Receiver 50

ARTICLE X - PAYMENT OF BONDS 52
Section 10.01. Payment of Series 2001 Bonds 52

ARTICLE XI - MISCELLANEOUS 53
Section 11.01. Amendment or Modification of Bond Legislation 53
Section 11.02. Bond Legislation Constitutes Contract 53
Section 11.03. Severability of Invalid Provisions 53
Section 11.04. Headings, Etc 53
Section 11.05. Conflicting Provisions Repealed 53
Section 11.06. Covenant of Due Procedure, Etc 53
Section 11.07. Public Notice of Proposal Financing 54
Section 11.08. Effective Date 54

Exhibit A - DESCRIPTION OF PROJECT 55

Exhibit B - BOND PURCHASE AGREEMENT 56

CLAYWOOD PARK PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2001
(WEST VIRGINIA SRF PROGRAM)

BOND RESOLUTION

RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWERAGE SYSTEM DESIGN NOTES, SERIES 1998 (WEST VIRGINIA INFRASTRUCTURE FUND), OF CLAYWOOD PARK PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF CLAYWOOD PARK PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY CLAYWOOD PARK PUBLIC SERVICE DISTRICT OF NOT MORE THAN ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS ($1,800,000.00) IN AGGREGATE PRINCIPAL AMOUNT OF CLAYWOOD PARK PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION 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 THE CLAYWOOD PARK PUBLIC SERVICE DISTRICT:

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order, resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 22C, Article 2 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. Claywood Park Public Service District (the "Issuer") is a public service district, public corporation and political subdivision of the State of West Virginia in Wood and Wirt Counties of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain additions, betterments and improvements to the Issuer's existing public sewerage facilities, including the additions, betterments and improvements described in Exhibit A hereto (collectively, the "Project") (the Issuer's existing sewerage facilities, the Project and any further additions thereto or extensions thereof are herein called the "System") in accordance with the plans and specifications prepared by Cerrone Associates, Inc., Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The acquisition and construction of the System was financed in part with the proceeds from $2,801,862 in principal amount of the Issuer's Sewerage System Revenue Bond, Series A (the "Series 1989 A Bond") and $415,340 in principal amount of the Issuer's Sewerage System Revenue Bond, Series B (the "Series 1989 B Bond") (collectively, the "Prior Bonds"), issued on October 10, 1989, authorized pursuant to a Bond Resolution adopted by the Issuer on October 10, 1989, as supplemented and amended by a First Supplemental Resolution adopted on October 10, 1989 (collectively, the "Prior Resolution").

D. The Issuer derives revenues from the System, and, except for the pledge thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner.

E. The estimated maximum cost of the acquisition and construction of the Project and issuance of the Series 2001 Bonds, as hereinafter defined, is $2,200,000, of which $400,000 will be paid from a grant from the West Virginia Infrastructure and Jobs Development Council and the balance of which will be permanently financed with the proceeds of the Issuer's Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program) in the original principal amount of $1,800,000 (the "Series 2001 Bonds") herein authorized.

F. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Series 2001 Bonds and the Prior Bonds, and all sinking funds, reserve accounts and other payments provided for herein and in the Prior Resolution.

G. It is further deemed necessary for the Issuer to issue the Series 2001 Bonds, in the total aggregate principal amount of not more than $1,800,000, to permanently finance a portion of the costs of acquisition and construction of the Project, as hereinafter defined. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2001 Bonds prior to and during construction and acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 2001 Bonds Reserve Account, 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 (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2001 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 2001 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

H. The period of usefulness of the System after completion of the Project is not less than 30 years.

I. It is in the best interest of the Issuer that its Series 2001 Bonds be issued and sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), the execution, delivery and form of which are ratified and approved herein.

J. The Issuer has met the requirements of the Prior Resolution for the issuance of the Series 2001 Bonds on a parity with the Prior Bonds. Prior to the issuance of the Series 2001 Bonds, the Issuer will obtain (1) a certificate of an Independent Certified Public Accountant stating that the parity tests of the Prior Bonds have been met and (2) the written consent from the Holder of the Prior Bonds to issue the Series 2001 Bonds on a parity with the lien on the Net Revenues of the Holders of the Series 1989 A Bonds and senior to the lien on the Net Revenues of the Holders of the Series 1989 B Bonds. Other than the Prior Bonds, there are no outstanding bonds or other obligations of the Issuer which are secured by revenues or assets of the System.

K. The Series 2001 Bonds shall be issued with a lien on the Net Revenues, as hereinafter defined, on a parity with the lien held by the Holders of the Series 1989 A Bonds and senior to the lien held by the Holders of the Series 1989 B Bonds.

L. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, and issuance of the Series 2001 Bonds or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the Council (as hereinafter defined) and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which has expired prior to the issuance of the Series 2001 Bonds or has been waived by all necessary parties.

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

N. To finance a portion of the costs of the design of the Project, the Issuer has previously issued its Sewerage System Design Notes, Series 1998 (West Virginia Infrastructure Fund) (the "Notes"), in the principal amount of $108,500, bearing no interest. The Issuer will pay in full the entire outstanding principal of the Notes, together with an administrative fee of $3,255, with a portion of the proceeds of the Series 2001 Bonds.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds, as the case may be, 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 Chapter 16, Article 13A and Chapter 22C, Article 2 of the Code of West Virginia of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, or any other agency of the State of West Virginia that succeeds to the functions of the Authority, which is expected to be the original purchaser and Registered Owner of the Series 2001 Bonds, acting in its administrative capacity and upon authorization from the DEP under the Act.

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

"Bond Purchase Agreement" shall mean the Water Pollution Control Revolving Fund Bond Purchase Agreement heretofore entered into or to be entered into by and among the Authority, the DEP and the Issuer, providing for the purchase of the Series 2001 Bonds from the Issuer by the Authority, attached hereto as Exhibit B, the form of which is approved, and the execution and delivery by the Issuer are authorized and directed by Section 3.11 hereof and by the Supplemental Resolution.

"Bondholder," "Holder of the Bonds," "Holder" 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 Prior Bonds, the Series 2001 Bonds and, where appropriate, any Bonds on a parity therewith authorized to be issued hereunder or by another resolution of the Issuer.

"Certificate of Authentication and Registration" means the certificate of authentication and registration on the Series 2001 Bonds in substantially the form set forth in the bond form contained herein.

"Chairman" means the Chairman of the Governing Body of the Issuer or any temporary Chairman duly appointed by the Governing Body.

"Closing Date" means the date upon which there is an exchange of the Series 2001 Bonds for an advance of more than a de minimis amount of the principal of the Series 2001 Bonds by the Authority.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations promulgated thereunder.

"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.

"Completion Date" means the completion date of the Project, as defined in the SRF Regulations.

"Consulting Engineers" means Cerrone Associates, Inc., Wheeling, West Virginia, or any professional engineer or firm of professional engineers, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political subdivisions, that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended.

"Costs" or "Costs of the Project" means those costs described in Section 1.02 G 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 successor thereto.

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any agency, board or department of the State that succeeds to the functions of the DEP.

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

"Event of Default" means any occurrence or event specified in Section 9.01.

"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" 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, including without limitation (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

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

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

"I/A Future Connection Fund" means the Innovative or Alternative Future Connection Fund established by the Prior Resolution and continued by Section 5.01 hereof.

"I/A Renewal and Replacement Fund" means the Innovative or Alternative Renewal and Replacement Fund established by the Prior Resolution and continued by Section 5.01 hereof.

"Independent Certified Public Accountants" shall mean any public accountant or certified public accountant or firm of public accountants or 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 Claywood Park Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia, in Wood and Wirt Counties, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

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

"Notes" means the Sewerage System Design Notes, Series 1998 (West Virginia Infrastructure Fund), of the Issuer described in Section 1.02N hereof.

"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, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Revenue Fund Bank, Registrar and Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds or Prior 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 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 and (iv) for purposes of consents or other action by a specified percentage of Bondholders, 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 West Virginia Municipal Bond Commission, or such entity or authority as may be designated by the Issuer with the consent of the Authority and the DEP.

"Prior Bonds" means the Series 1989 A Bonds and the Series 1989 B Bonds.

"Prior Bonds Reserve Accounts" means the Series 1989 A Bonds Reserve Account and the Series 1989 B Bonds Reserve Account established for the Prior Bonds in the Prior Resolution.

"Prior Bonds Sinking Funds" means the Series 1989 A Bonds Sinking Fund and the Series 1989 B Bonds Sinking Fund established for the Prior Bonds in the Prior Resolution.

"Prior Resolution" means the Bond Resolution adopted by the Issuer on October 10, 1989, as supplemented and amended by the First Supplemental Resolution thereto adopted by the Issuer on October 10, 1989, authorizing the issuance of the Prior Bonds.

"Project" means the project described in Exhibit A attached hereto, constituting additions, betterments and improvements to the existing sewerage system of the Issuer.

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

A. Government Obligations;

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

C. 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;

D. Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, shall be secured by a pledge of Government Obligations, provided, that 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;

E. Money market funds or similar funds whose only assets are investments of the type described in paragraphs (A) through (D) above;

F. Repurchase agreements, fully secured by investments of the types described in paragraphs (A) through (D) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of 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;

G. 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

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

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

"Registrar" means the Bond Registrar.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Resolution and continued by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the Prior Bonds Reserve Accounts and the Series 2001 Bonds Reserve Account.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts for the Series 2001 Bonds and Prior Bonds.

"Revenue Fund" means the Revenue Fund established by the Prior Resolution and continued by Section 5.01A hereof.

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

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

"Series 1989 A Bonds" means the Sewerage System Revenue Bond, Series A, issued by the Issuer on October 10, 1989, in the original principal amount of $2,801,862 pursuant to the Prior Resolution.

"Series 1989 A Bonds Reserve Account" means the Series A Bond Reserve Account, within the Series 1989 A Bonds Sinking Fund, established by the Prior Resolution and continued by Section 5.02 hereof.

"Series 1989 A Bonds Sinking Fund" means the Series A Sinking Fund established by the Prior Resolution and continued by Section 5.02 hereof.

"Series 1989 B Bonds" means the Sewerage System Revenue Bond, Series B, issued by the Issuer on October 10, 1989, in the original principal amount of $415,340 pursuant to the Prior Resolution.

"Series 1989 B Bonds Reserve Account" means the Series B Bond Reserve Account, within the Series 1989 B Bonds Sinking Fund, established by the Prior Resolution and continued by Section 5.02 hereof.

"Series 1989 B Bonds Sinking Fund" means the Series B Sinking Fund established by the Prior Resolution and continued by Section 5.02 hereof.

"Series 2001 Bonds" means the not more than $1,800,000 in aggregate principal amount of Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

"Series 2001 Bonds Construction Trust Fund" means the Series 2001 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2001 Bonds Reserve Account" means the Series 2001 Bonds Reserve Account established in the Series 2001 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2001 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2001 Bonds in the then concurrent or any succeeding year.

"Series 2001 Bonds Sinking Fund" means the Series 2001 Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the Prior Bonds Sinking Funds and the Series 2001 Bonds Sinking Fund.

"SRF Administrative Fee" means any administrative fee required to be paid under the Bond Purchase Agreement.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local government entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the Unites States Environmental Protection Agency and funds of the State.

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

"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 authorizing the sale of the Series 2001 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2001 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, the Prior Bonds or any other obligations of the Issuer, as further defined in Section 5.03(D) hereof.

"System" means the complete properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, of the Issuer, and shall include the Project and any improvements or extensions thereof, both within and without said Issuer.

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

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

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

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

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

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND REFUNDING OF THE NOTES

Section 2.01. Authorization of Acquisition and Construction of the Project and Refunding of the Notes. There is hereby authorized the acquisition and construction of the Project and the refunding of the Notes, at an estimated cost of $2,200,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2001 Bonds hereby authorized shall be applied as provided in Article VI hereof.

The Issuer has received bids or entered into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the SRF Program. The Issuer will enter into a contract for the acquisition and construction of the Project simultaneously with the issuance of the Series 2001 Bonds.

The cost of the Project is estimated not to exceed $2,200,000, which is to be paid as set forth in 1.02E hereof.

The Issuer will pay in full the entire outstanding principal of and the administrative fee on the Notes with a portion of the proceeds of the Series 2001 Bonds.

ARTICLE III
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF BOND PURCHASE AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of refunding the Notes, capitalizing interest on the Series 2001 Bonds, funding a reserve account for the Series 2001 Bonds, paying Costs of the Project not otherwise provided for, and paying certain costs of issuance of the Series 2001 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 negotiable Series 2001 Bonds of the Issuer, in an aggregate principal amount of not more than $1,800,000. The Series 2001 Bonds shall be issued as a single bond, to be designated "Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program)," in the aggregate principal amount of not more than $1,800,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2001 Bonds remaining after the funding of the Series 2001 Bonds Reserve Account (if funded from the Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2001 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 2001 Bonds shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2001 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2001 Bonds, if any, 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 2001 Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2001 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2001 Bonds shall be exchangeable at the option and expense of the Holder for other fully registered 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. The Bonds shall be dated as of the date

specified in a Supplemental Resolution and shall bear interest, if any, as provided in such Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2001 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 any of the Series 2001 Bonds shall cease to be such officer of the Issuer before the Series 2001 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 2001 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 2001 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 2001 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 2001 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 any of said Series 2001 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 said Bond shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2001 Bonds remain Outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain the books for the registration and transfer of the Series 2001 Bonds.

The registered Series 2001 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 Series 2001 Bonds or transferring the registered Series 2001 Bonds are exercised, Series 2001 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2001 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2001 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 Series 2001 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2001 Bonds or, in the case of any proposed redemption of Series 2001 Bonds, next preceding the date of the selection of Series 2001 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 2001 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing 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 2001 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 2001 Bonds Reserve Account. No holder or holders of any of the Series 2001 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2001 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues, Lien Positions With Respect to Prior Bonds. The payment of the debt service of all the Series 2001 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Series 1989 A Bonds and senior and prior to the lien on such Net Revenues in favor of the Holders of the Series 1989 B Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Prior Bonds and the Series 2001 Bonds and to make the payments into the Sinking Funds and

the Reserve Accounts therein, are hereby irrevocably pledged to the payment of the principal of and interest on the Prior Bonds and the Series 2001 Bonds as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2001 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2001 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 2001 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 2001 Bonds to the original purchasers;

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

D. An executed copy of the Bond Purchase Agreement; and

E. The approving opinion of bond counsel on the Series 2001 Bonds.

Section 3.10. Form of Series 2001 Bonds. The text of the Series 2001 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 Series 2001 Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CLAYWOOD PARK PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 2001
(WEST VIRGINIA SRF PROGRAM)

No. R-_____ $_____

KNOW ALL MEN BY THESE PRESENTS: That CLAYWOOD PARK PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Wood and Wirt Counties 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 on _____, _____, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference, without interest.

The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____, 20__, as set forth on Exhibit B attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of 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"). The SRF Administrative Fee on this Bond are payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of the Registrar (as defined in the hereinafter described Bond Legislation) on the 15th day of the month next preceding a SRF Administrative Fee payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may only be redeemed prior to its stated date of maturity in whole or in part upon the terms and conditions prescribed by, and otherwise in compliance with, the Water Pollution Control Revolving Fund Bond Purchase Agreement among the Issuer, the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP") and the Authority, dated _____, 20__.

This Bond is issued (i) to pay in full the entire outstanding principal of and the administrative fee on the Issuer's Sewerage System Design Notes, Series 1998 (West Virginia Infrastructure Fund); (ii) to permanently finance a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage facilities of the Issuer (the "Project"); and (iii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 20___, and a Supplemental Resolution duly adopted by the Issuer on _____, 20___ (collectively called 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 securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE SEWERAGE SYSTEM REVENUE BOND, SERIES A, OF THE ISSUER, DATED OCTOBER 10, 1989, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $2,801,862 (THE "SERIES 1989 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE SEWERAGE SYSTEM REVENUE BOND, SERIES B, OF THE ISSUER, DATED OCTOBER 10, 1989, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF $415,340 (THE "SERIES 1989 B BONDS" AND TOGETHER WITH THE SERIES 1989 A BONDS ARE HEREIN COLLECTIVELY REFERRED TO AS THE "PRIOR 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 the Net Revenues in favor of the Holders of the Series 1989 A Bonds and senior and prior to the pledge of the Net Revenues in favor of the Holders of the Series 1989 B Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2001 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2001 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with

other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount 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 Prior Bonds, provided however, that so long as there exists in the Series 2001 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered 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 (as defined in the Bond Legislation) 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 the payment of the Costs of the Project 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 in 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, CLAYWOOD PARK 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 _____, 2001.

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 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: _____.

_____,
as Registrar

By_____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

Total $_____

EXHIBIT B

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 Series 2001 Bonds; Approval and Ratification of Execution of Bond Purchase Agreement with Authority and DEP. The Series 2001 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous Resolution, the Chairman is specifically authorized and directed to execute the Bond Purchase Agreement in the form attached hereto as "Exhibit B" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Bond Purchase Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Bond Purchase Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. Series 2001 Bonds are Issued as Parity Bonds With Respect to Series 1989 A Bonds. The Series 2001 Bonds are issued as and shall constitute parity bonds with respect to the Series 1989 A Bonds. The Issuer has met the requirements of the Prior Resolution for the issuance of the Series 2001 Bonds on a parity with the Series 1989 A Bonds and has received the written consent of the Holder of the Prior Bonds to the issuance of the Series 2001 Bonds on a parity with the Series 1989 A Bonds and senior and prior to the Series 1989 B Bonds.

Section 3.13. "Amended Schedule A" Filing. Within sixty (60) days following the Completion Date, the Issuer will file with the Authority and the DEP a schedule, the form of which will be provided by the DEP, 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 created (or continued if previously established by the Prior Resolution) 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. Renewal and Replacement Fund (established by the Prior Resolution);

2. Innovative or Alternative Future Connection Fund (established by the Prior Resolution);

3. Innovative or Alternative Renewal and Replacement Fund (established by the Prior Resolution); and

4. Series 2001 Bonds Construction Trust Fund.

Section 5.01A. Establishment of Funds and Accounts with Revenue Fund Bank. The following special fund or account is created (or continued if previously established by the Prior Resolution) with and shall be held by the Revenue Fund Bank separate and apart from all other funds or accounts of the Revenue Fund Bank and the Issuer and from each other:

1. Revenue Fund (established by the Prior Resolution).

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established (or continued if previously established by the Prior Resolution) with the Commission:

1. Series A Sinking Fund (established by the Prior Resolution and hereinafter referred to as the Series 1989 A Bonds Sinking Fund);

2. Within the Series A Sinking Fund, the Series A Bond Reserve Account (established by the Prior Resolution and hereinafter referred to as the Series 1989 B Bonds Reserve Account);

3. Series B Sinking Fund (established by the Prior Resolution and hereinafter referred to as the Series 1989 B Bonds Sinking Fund);

4. Within the Series B Sinking Fund, the Series B Bond Reserve Account (established by the Prior Resolution and hereinafter referred to as the Series 1989 B Bonds Reserve Account);

5. Series 2001 Bonds Sinking Fund; and

6. Within the Series 2001 Bonds Sinking Fund, the Series 2001 Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. 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 Revenue Fund Bank and used only for the purposes and in the manner herein provided.

1. The Issuer shall first, each month, pay from the moneys in the Revenue Fund all Operating Expenses of the System.

2. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1989 A Bonds Sinking Fund the amount required by the Prior Resolution for payment of interest on the Series 1989 A Bonds.

3. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission for deposit in the Series 1989 A Bonds Sinking Fund the amount required by the Prior Resolution for payment of principal of the Series 1989 A Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2001 Bonds, remit to the Commission for deposit in the Series 2001 Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on said Series 2001 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 2001 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.

4. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the amount required by the Prior Resolution to be deposited in the Series 1989 A Bonds Reserve Account; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2001 Bonds, if not fully funded upon the issuance of the Series 2001 Bonds, remit to the Commission for deposit in the Series 2001 Bonds Reserve Account, an amount equal to 1/120th of the Series 2001 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2001 Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2001 Bonds Reserve Requirement.

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.

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2001 Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from time to time from the sale of any or all of the Series 2001 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2001 Bonds, there shall first be deposited with the Commission in the Series 2001 Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2001 Bonds for the period commencing on the date of issuance of the Series 2001 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2001 Bonds, there shall be deposited with the Commission in the Series 2001 Bonds Reserve Account the sum, if any, set forth in the Supplemental Resolution for funding of the Series 2001 Bonds Reserve Account.

C. Next, from the proceeds of the Series 2001 Bonds, there shall first be credited to the Series 2001 Bonds Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, together with interest accrued thereon to the date of such payment and any administrative fees payable in connection therewith, not otherwise paid from funds of the Issuer, including, without limitation, the Notes.

D. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2001 Bonds, such moneys shall be deposited with the Depository Bank in the Series 2001 Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

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 2001 Bonds shall be used to fund the Series 2001 Bonds Reserve Account, if not funded upon issuance of the Bonds, in an amount not to exceed the Series 2001 Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 2001 Bonds be deposited in the Series 2001 Bonds Reserve Account, and if any such proceeds remain after funding the Series 2001 Bonds Reserve Account, the same shall be expended as directed by the Authority and DEP.

F. The Depository Bank shall act as a trustee and fiduciary for the Holder of the Series 2001 Bonds with respect to the Series 2001 Bonds Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Series 2001 Bonds Construction Trust Fund set forth in the Bond Legislation. Moneys in the Series 2001 Bonds Construction Trust Fund

shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 2001 Bonds.

Section 6.02. Disbursements From the Series 2001 Bonds Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 2001 Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2001 Bonds Construction Trust Fund (except for costs of issuance of the Series 2001 Bonds which shall be paid upon the request of the Issuer) shall be made only after submission to, and approval from, the Authority and DEP of the following:

A. A "Payment Requisition Form," the form of which is attached to the Bond Purchase Agreement as Exhibit C, in compliance with the construction schedule; and

B. A certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

1. None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

2. 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;

3. Each of such costs has been otherwise properly incurred; and

4. Payment for each of the items proposed is then due and owing.

All payments made from the Series 2001 Bonds Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Series 2001 Bonds Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Series 2001 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Series 2001 Bonds Construction Trust Fund to the Series 2001 Bonds Reserve Account, and when fully funded any such remaining moneys shall be expended as directed by the Authority and DEP.

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 2001 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 2001 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Series 2001 Bonds or the interest thereon, if any, is Outstanding and unpaid.

Section 7.02. Series 2001 Bonds not to be Indebtedness of the Issuer. The Series 2001 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any of the Series 2001 Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or the interest, if any, thereon.

Section 7.03. Series 2001 Bonds Secured by Pledge of Net Revenues; Lien Positions With Respect to Prior Bonds. The payment of the debt service of the Series 2001 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System on a parity with the lien on such Net Revenues in favor of the Holders of the Series 1989 A Bonds, and senior and prior to the lien on said Net Revenues in favor of the Holders of the Series 1989 B Bonds. Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest, if any, on the Prior Bonds and the Series 2001 Bonds and to make the payments into all funds and accounts, and all other payments provided for in the Bond Legislation and the Prior Resolution are hereby irrevocably pledged, in the manner provided herein, to such payments as the same 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 Bond Purchase 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 Commission Order of the Public Service Commission entered on November 2, 1999, in Case No. 99-0499-PSD-42A and such rates are hereby adopted.

So long as the Series 2001 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 Bond Purchase Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2001 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase 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 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 Bond Purchase Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolution. Additionally, so long as the Series 2001 Bonds are Outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, 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 Bonds and Prior 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 2001 Bonds and Prior Bonds, immediately be remitted to the Commission for deposit in the Series 2001 Bonds Sinking Fund and the Series 1989 A Bonds Sinking Fund, respectively, pro rata, with respect to the principal amount of the Series 2001 Bonds and Series 1989 A Bonds then Outstanding, and once the Series 2001 Bonds and the Series 1989 A Bonds have been paid in full, the balance, if any, shall be applied to the Series 1989 B Bonds, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2001 Bonds and Prior Bonds in such manner. Any balance remaining after the payment of all the Series 2001 Bonds and Prior Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may

then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property shall with the written consent of the Authority be remitted to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of the Bonds of the last maturities then outstanding at prices not greater than par value thereof plus 3% of such par value. Such payment of such proceeds into the Renewal and Replacement Fund and the Sinking Funds shall not reduce the amounts required to be paid into said 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 and Prior 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 in Section 7.07, so long as any of the Series 2001 Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2001 Bonds. All obligations issued by the Issuer after the issuance of the Series 2001 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 and source of and security for payment from such revenues and in all other respects, to the Series 2001 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein at the time of the issuance of such subordinate obligations have been made and are current. Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2001 Bonds, and the interest thereon, if any, upon any of the income and revenues of the System pledged for payment of the Series 2001 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 and DEP 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. So long as any of the Prior Bonds are Outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2001 Bonds pursuant to this Bond Legislation, except 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 2001 Bonds, and must have the prior written consent of the Authority and the DEP.

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

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

(1) The Bonds then Outstanding;

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

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

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

The Net Revenues actually derived from the System during the 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 said Independent Certified Public Accountants on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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 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 the revenues of the System is subject to the prior and superior lien of the Series 2001 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2001 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 and the Prior Resolution with respect to the Series 2001 Bonds and Prior 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 and the DEP, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the DEP such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any 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 Authority and the DEP, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds requesting the same, an annual report containing the following:

A. A statement of Gross Revenues, Operating Expenses, Net Revenues 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 with respect to said Bonds and the status of all said funds and accounts.

C. The amount of any Bonds 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 Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Bond Purchase Agreement and this Bond Legislation, and that the Issuer's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements.

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

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

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2001 Bonds, equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. 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 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2001 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit, respectively, in the Series 2001 Bonds Reserve Account and reserve accounts for obligations on a parity with the Series 2001 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2001 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 Bonds, including the Prior Bonds.

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 and the DEP within 30 days of adoption thereof. The Issuer, by the unanimous consent and approval of the Governing Body, may amend the budget during the subject Fiscal Year provided that the budget remains balanced after such amendment. If the budget is so amended, a copy of the amended budget shall be submitted to the Authority and the DEP within 15 days of the adoption of such amendment. After the adoption of any such amendment, the budget, as amended, shall be the budget of the Issuer for the balance of the subject Fiscal Year unless it is amended in the manner permitted above. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written

finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget, any amendments thereto and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the DEP and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets, any amendments thereto and resolutions be furnished him or her and shall make available such budgets, any amendments thereto and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

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 Bond Purchase Agreement as Exhibit B, and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate from the Consulting Engineers in the form attached to the Bond Purchase Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the DEP 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 require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Bond Purchase Agreement as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority and the DEP covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, the DEP 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 the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System so long as the Series 2001 Bonds are Outstanding. The Issuer shall notify the DEP 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 and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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. The Issuer will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Issuer will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and the DEP, so long as the Authority is the Owner of the Bonds. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance with the Bond Purchase Agreement, during construction of the Project in the full insurable value thereof. In time of war, the Issuer shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Issuer shall carry such other insurance as is required by the Authority and DEP and as set forth in the Bond Purchase Agreement, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Issuer. The Issuer shall verify such insurance prior to commencement of construction.

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.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public

Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all Federal and state requirements and standards.

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System, and all approvals for issuance of the Series 2001 Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance With Bond Purchase Agreement and Law. The Issuer shall perform, satisfy and comply with all terms and conditions of the Bond Purchase Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with all copies submitted to the Authority.

The Issuer also agrees to comply with the Act and all applicable laws, rules and regulations issued by the Authority, the DEP 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 7.19. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.20. [RESERVED]

Section 7.21. Contracts; Public Releases.

A. The Issuer shall, simultaneously with the delivery of the Series 2001 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 DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2001 Bonds held in "contingency" as set forth in the amended schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2001 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the DEP 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 ground breaking or dedication of the Project.

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2001 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, shall take effect immediately upon delivery of the Series 2001 Bonds and shall be for the equal benefit of all Holders of Series 2001 Bonds; provided, however, that the statutory mortgage lien in favor of the Holders of the Series 2001 Bonds shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 1989 A Bonds and senior and prior to the statutory mortgage lien in favor of the Holders of the Series 1989 B Bonds.

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

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

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2001 Bonds as a condition to issuance of the Series 2001 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2001 Bonds as may be necessary in order to maintain the status of the Series 2001 Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2001 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the Council or the DEP, as the case may be, from which the proceeds of the Series

2001 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, the Council or the DEP, to ensure compliance with the covenants and agreement set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2001 Bonds and any additional information requested by the Authority.

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2001 Bonds:

A. If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2001 Bonds; or

B. If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2001 Bonds, set forth in this Bond Legislation, any supplemental resolution or in the Series 2001 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

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

D. If default occurs with respect to the Prior Bonds or the Prior Resolution.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his 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 Holders of the Bonds, 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 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 Holders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that all rights and remedies of the Holders of the Series 2001 Bonds shall be on a parity with the Holders of the Series 1989 A Bonds and senior and prior to the Holders of the Series 1989 B Bonds.

Section 9.03. Appointment of Receiver. Any Holder of a Bond, may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Holder of a Bond, shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals,

fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other avenues 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 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 Holder 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 Holders of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds, and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X
PAYMENT OF BONDS

Section 10.01. Payment of Series 2001 Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2001 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 2001 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 the issuance of the Series 2001 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2001 Bonds, no material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2001 Bonds shall be made without the consent in writing of the Holders of the Series 2001 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein 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 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 Holders of the Series 2001 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 2001 Bonds.

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

Section 11.05. Conflicting Provisions Repealed. Except for the Prior Resolution, all Resolutions, orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed. In the event of any conflict between this Resolution and the Prior Resolution (so long as the respective Prior Bonds are Outstanding), the more restrictive provision shall control.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the

Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07. Public Notice of Proposal Financing. Thirty (30) days prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation within the boundaries of the Issuer, a Class II legal advertisement stating:

A. The maximum amount of the Series 2001 Bonds to be issued.

B. The maximum interest rate and terms of the Series 2001 Bonds originally authorized hereby.

C. The public service properties to be acquired or constructed and the cost of the same.

D. The maximum anticipated rates which will be changed by the Issuer.

E. The date that the formal application for a Certificate of Convenience and Necessity to be filed with the Public Service Commission of West Virginia.

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

ADOPTED this 2nd day of January, 2001.

Chairman

Member, Public Service Board

Edna F. Summers

Member, Public Service Board

Exhibit A

DESCRIPTION OF PROJECT

The acquisition and construction of certain additions, betterments and improvements to the Issuer's existing public sewerage facilities to serve approximately 189 new customers in the Kanawha area of Wood County, West Virginia, consisting of one lift station, 44 grinder pumps and approximately 7.7 miles of gravity and pressure sewers, and related appurtenance and improvements.

Exhibit B

BOND PURCHASE AGREEMENT

[See Tab Number 3]

CERTIFICATION

Certified a true copy of an Resolution duly enacted by the Public Service Board of the CLAYWOOD PARK PUBLIC SERVICE DISTRICT on the 2nd day of January, 2001.

Dated: January 4, 2001.

Secretary, Public Service District

[SEAL]

CLAYWOOD PARK PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2001
(WEST VIRGINIA SRF PROGRAM)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, INTEREST RATE, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM) OF CLAYWOOD PARK PUBLIC SERVICE DISTRICT; AUTHORIZING, RATIFYING AND APPROVING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A BOND REGISTRAR, DEPOSITORY BANK, REVENUE FUND BANK AND PAYING AGENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the public service board (the "Governing Body") of the Claywood Park Public Service District (the "Issuer") has duly and officially adopted a Resolution on January 2, 2001 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWERAGE SYSTEM DESIGN NOTES, SERIES 1998 (WEST VIRGINIA INFRASTRUCTURE FUND), OF CLAYWOOD PARK PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF CLAYWOOD PARK PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY CLAYWOOD PARK PUBLIC SERVICE DISTRICT OF NOT MORE THAN ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS ($1,800,000.00) IN AGGREGATE PRINCIPAL AMOUNT OF CLAYWOOD PARK PUBLIC SERVICE DISTRICT SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS; APPROVING, RATIFYING

AND CONFIRMING A BOND PURCHASE AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION 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 meaning set forth in the Resolution when used herein;

WHEREAS, the Resolution provides for the issuance of Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program) of the Issuer (the "Series 2001 Bonds"), in an aggregate principal amount not to exceed $1,800,000.00, and has authorized the execution and delivery of a bond purchase agreement relating to the Series 2001 Bonds dated December 4, 2000 (the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), all in accordance with Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the form of the Bond Purchase Agreement and exact principal amount, interest rate, date, maturity date, redemption provisions, interest and principal payment dates, sale price and other terms of the Series 2001 Bonds should be established by a supplemental resolution pertaining to the Series 2001 Bonds; and that other matters relating to the Series 2001 Bonds be herein provided for;

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

WHEREAS, the Series 2001 Bonds are proposed to be purchased by the Authority pursuant to the Bond Purchase Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Bond Purchase Agreement be ratified, approved and entered into by the Issuer, that the exact principal amount, the interest rate, the date, the maturity date, the redemption provisions, the interest and principal payment dates, the sale price and other terms of the Series 2001 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2001 Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CLAYWOOD PARK 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 Sewer Revenue Bonds, Series

2001 (West Virginia SRF Program) of the Issuer, originally represented by a single bond, numbered R-1, in the principal amount of $1,800,000.00. The Series 2001 Bonds shall be dated the date of delivery thereof, shall finally mature on March 1, 2032, and shall bear no interest. The principal of the Series 2001 Bonds shall be payable in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2002, and ending March 1, 2032, and in the amounts set forth in "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made part of the Series 2001 Bonds. The Series 2001 Bonds shall be subject to redemption upon the written consent of the Authority and DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Bond Purchase Agreement, as long as the Authority shall be registered owner of the Series 2001 Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to ½% of the principal amount of the Series 2001 Bonds set forth in "Schedule Y" attached to the Bond Purchase Agreement.

Section 2. All other provisions relating to the Series 2001 Bonds and the text of the Series 2001 Bonds shall be in substantially the form provided in the Resolution.

Section 3. The Issuer does hereby authorize, ratify, approve and accept the Bond Purchase Agreement, a copy of which is incorporated herein by reference, and the execution and delivery by the Chairman and the Secretary of the Bond Purchase Agreement, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, ratified, approved and directed. The price of the Series 2001 Bonds shall be 100% of par value, there being no interest accrued thereon, provided that, the proceeds of the Series 2001 Bonds shall be advanced from time to time as requisitioned by the Issuer, and at closing there shall be requisitioned and advanced a portion of the proceeds in the amount of $231,608, being more than a de minimis amount. The Issuer hereby affirms all covenants and representations made in the Bond Purchase Agreement and in the application to the DEP and the Authority.

Section 4. The Issuer hereby agrees to comply with the special conditions set forth in Exhibit E to the Bond Purchase Agreement.

Section 5. The Issuer does hereby appoint and designate WesBanco Bank, Inc., Parkersburg, West Virginia, to serve as Registrar for the Series 2001 Bonds under the Resolution.

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 Series 2001 Bonds under the Resolution.

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

Section 8. The Issuer does hereby appoint and designate United National Bank, Parkersburg, West Virginia, to serve as Revenue Fund Bank under the Resolution.

Section 9. The Series 2001 Bonds proceeds in the amount of $-0- shall be deposited in the Series 2001 Bonds Sinking Fund as capitalized interest.

Section 10. The Series 2001 Bonds proceeds in the amount of $-0- shall be deposited in the Series 2001 Bonds Reserve Account.

Section 11. The Series 2001 Bonds proceeds in the amount of $111,755 shall be deposited in the Series 2001 Bonds Construction Trust Fund and immediately disbursed to the Commission to pay in full the entire outstanding principal of and the administrative fee on the Issuer's Sewerage System Design Notes, Series 1998 (West Virginia Infrastructure Fund), previously issued to temporarily finance the costs of the design of the Project.

Section 12. The remaining proceeds of the Series 2001 Bonds shall be deposited in the Series 2001 Bonds Construction Trust Fund as received from time to time for payment of costs of the Project and payment of cost of issuance of the Series 2001 Bonds.

Section 13. The Chairman and Secretary are hereby authorized and directed to execute and deliver the Series 2001 Bonds and such other documents, agreements, instruments and certificates required or desirable in connection with the Series 2001 Bonds hereby and by the Resolution approved and provided for, and to affix thereon the seal of the Issuer, as appropriate, to the end that the Series 2001 Bonds may be delivered to the Authority pursuant to the Bond Purchase Agreement on or about January 4, 2001.

Section 14. The acquisition and construction of the Project and the permanent financing of the Costs thereof with the proceeds of the Series 2001 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 monies in the funds and accounts established by the Resolution held by the Depository Bank in time deposits, secured by a pledge of Government Obligations, of the Depository Bank meeting the requirements set forth under the definition of "Qualified Investments" in the Resolution and therefore the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such time deposits, until further directed by the Issuer. Monies in the Series 2001 Bonds Sinking Fund, including the Series 2001 Bonds Reserve Account therein, shall be invested by the Commission in the West Virginia Consolidated Fund.

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

Adopted this 2nd day of January, 2001.

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

Chairman

[SEAL]

ATTEST:

Secretary

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Governing Board of the Claywood Park Public Service District on the 2nd day of January, 2001.

Dated: January 4, 2001.

[SEAL]

Secretary

GBB.GBB.0074389

CLAYWOOD PARK PUBLIC SERVICE DISTRICT
BOND RESOLUTION

ARTICLE I:
DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

Section 1.01	Definitions
Section 1.02	Authority for this Resolution
Section 1.03	Findings
Section 1.04	Resolution Constitutes Contract

ARTICLE II:
AUTHORIZATION OF THE PROJECT; APPROVAL OF ACTIONS: APPROVAL AND EXECUTION OF DOCUMENTS

Section 2.01	Authorization of the Project
Section 2.02	Approval of Application, Loan Agreement, Amended Application and Supplemental Loan Agreement
Section 2.03	Approval of Actions

ARTICLE III:
BONDS

Section 3.01	Authorization of Bonds
Section 3.02	Term of the Series A Bond and Series B Bond
Section 3.03	Form of the Series A Bond and Series B Bond
Section 3.04	Execution of Bonds
Section 3.05	Authentication and Registration
Section 3.06	Negotiability and Registration
Section 3.07	Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.08	Person Treated as Owners
Section 3.09	Delivery of the Series A Bond and the Series B Bond
Section 3.10	Application of Proceeds of Bonds
Section 3.11	Sale of Bonds; Ratification of Execution of Loan Agreement with Authority

ARTICLE IV:
INTERIM CONSTRUCTION FINANCING

Section 4.01	Authorization and General Terms
Section 4.02	Terms of and Security for Note
Section 4.03	Note is Special Obligation

ARTICLE V:
BOND PROCEEDS; REVENUES;
FUNDS; AND ACCOUNTS

Section 5.01	Establishment of Funds and Accounts with Depository Bank
Section 5.02	Establishment of Funds and Accounts with Bond Commission
Section 5.03	Revenues; Funds and Accounts
Section 5.04	Construction Trust Fund
Section 5.05	Tap Fees, I/A Future Connection Fund; I/A Renewal and Replacement Fund; Tap Fees Account
Section 5.06	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds

ARTICLE VI:
ADDITIONAL COVENANTS OF THE DISTRICT

Section 6.01	General Covenants of the District
Section 6.02	Bonds and Note Not To Be Indebtedness of the District
Section 6.03	Bonds Secured by Pledge of Net Revenues, Funds and Unexpended Bond Proceeds
Section 6.04	Rates
Section 6.05	Completion, Operation and Maintenance, Right of Access
Section 6.06	Sale of the System While the Bonds are Outstanding
Section 6.07	Additional Provisions Concerning the Sale of the System
Section 6.08	Issuance of Other Obligations Payable Out of Net Revenues and General Covenant Against Encumbrances
Section 6.09	Parity Bonds
Section 6.10	Insurance, Construction and Fidelity Bonds, Workers' Compensation
Section 6.11	Service Rendered to the District
Section 6.12	Enforcement of Collections
Section 6.13	No Competing Franchise
Section 6.14	Books and Records
Section 6.15	Initial Schedule of Rates
Section 6.16	Operating Budget
Section 6.17	Mandatory Connections

Section 6.18 Redemption of Bonds Held By Authority
Section 6.19 Payment of Program Expenses
Section 6.20 Authority Rights on Default
Section 6.21 Authority Approval of Federal Pollution Abatement Assurance
Section 6.22 Tax Covenants
Section 6.23 Statutory Mortgage Lien

ARTICLE VII:
INVESTMENTS: NON-ARBITRAGE

Section 7.01 Investments
Section 7.02 Arbitrage
Section 7.03 Rebate of Excess Arbitrage Earnings to the United States

ARTICLE VIII:
DEFAULTS AND REMEDIES

Section 8.01 Events of Default
Section 8.02 Enforcement
Section 8.03 Appointment of Receiver
Section 8.04 Restoration of District and Holder of the Bonds

ARTICLE IX
REGISTRAR; PAYING AGENT

Section 9.01 Appointment of Registrar

ARTICLE X:
DEFEASANCE; DISCHARGE OF PLEDGE

Section 10.01 Defeasance of Series A Bond
Section 10.02 Defeasance of Series B Bond
Section 10.03 Defeasance of the Note

ARTICLE XI:
MISCELLANEOUS

Section 11.01 Amendment of Resolution

Section 11.02	Evidence of Signatures of Holders and Ownership of Bonds
Section 11.03	Preservation and Inspection of Documents
Section 11.04	Cancellation of the Bonds
Section 11.05	Failure To Present Bonds
Section 11.06	Notices, Demands and Requests
Section 11.07	Conflicting Provisions Repealed
Section 11.08	No Personal Liability
Section 11.09	Law Applicable
Section 11.10	Parties Interested Herein
Section 11.11	Severability of Invalid Provisions
Section 11.12	Table of Contents and Headings
Section 11.13	Effective Date

EXHIBITS

Exhibit A	Description of the Project
Exhibit B	Form of Series A Bond
Exhibit C	Form of Series B Bond
Exhibit D	Loan Agreement
Exhibit E	Supplemental Loan Agreement

3684E

CLAYWOOD PARK PUBLIC SERVICE DISTRICT
BOND AND NOTE RESOLUTION

A RESOLUTION AUTHORIZING THE CONSTRUCTION AND ACQUISITION OF CERTAIN PUBLIC SERVICE PROPERTIES FOR THE COLLECTION, TREATMENT, PURIFICATION AND DISPOSAL OF LIQUID OR SOLID WASTES, SEWAGE AND INDUSTRIAL WASTES IN THE CLAYWOOD PARK PUBLIC SERVICE DISTRICT, WOOD COUNTY, WEST VIRGINIA, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF, THROUGH THE ISSUANCE BY THE CLAYWOOD PARK PUBLIC SERVICE DISTRICT OF NOT MORE THAN $3,217,202 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM REVENUE BONDS, SERIES A AND SERIES B; AUTHORIZING THE FINANCING OF CERTAIN COSTS OF SUCH CONSTRUCTION AND ACQUISITION, PENDING RECEIPT OF CERTAIN GRANT PROCEEDS, THROUGH THE ISSUANCE AND EXECUTION BY THE CLAYWOOD PARK PUBLIC SERVICE DISTRICT OF A CREDIT LINE NOTE OF $750,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH SEWERAGE SYSTEM REVENUE BONDS AND SUCH SEWERAGE SYSTEM CREDIT LINE NOTE; AUTHORIZING THE SALE OF SUCH SEWERAGE SYSTEM REVENUE BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY BY SUPPLEMENTAL RESOLUTION; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The Public Service Board of the Claywood Park Public Service District hereby adopts and orders:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

Section 1.01. Definitions. The following terms have the following meanings in this Resolution unless the context expressly requires otherwise:

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

"Authority" means the West Virginia Water Development Authority or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the chairman of the Board, as hereinafter defined, or any other officer of the public service board of the Claywood Park Public Service District specifically designated by resolution of the Board, as hereinafter defined, as such.

"Bank Credit Agreement" means the line of credit agreement which may be entered into between the District and the Depository Bank evidenced by the Note and all supplements and amendments thereto.

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

"Bond or Bonds" means the District's Series A Bond and Series B Bond, as hereinafter defined, and any additional bonds hereafter issued within the terms, restrictions and conditions contained in this Resolution and any Supplemental Resolution.

"Bonds Capitalized Interest Account" means the Sewerage System Revenue Bonds Capitalized Interest Account established with the Bond Commission by Section 5.02(1) hereof.

"Bond 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.

"Bond Year" means the 12 month period beginning on the anniversary of the closing date of the Bonds of each year and ending on the date immediately preceding the anniversary of the closing date for the Bonds in the following year, except that the first Bond Year shall begin with the closing date for the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder, or under any predecessor thereto.

"Construction Trust Fund" means the Claywood Park Public Service District Construction Trust Fund established by Section 5.01(5) hereof.

"Consulting Engineers" means Cerrone & Associates, Inc., consulting engineers, Wheeling, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of sewerage systems or facilities that have been retained by the Claywood Park Public Service District as Consulting Engineers for the System, as hereinafter defined.

"Cost(s) of the Project" or similar phrases mean those costs described in Section 1.03F hereof to be part of the costs of construction and acquisition of the Project, as hereinafter defined.

"Depository Bank" means Commercial Banking and Trust Company, a state banking corporation, Parkersburg, West Virginia, or any one or more State banking corporations or national banking associations located in the State, eligible under the laws of the State to receive deposits of state and municipal funds and insured by the FDIC, as hereinafter defined and designated as custodian of any one or more of the funds or accounts established by Article V hereof.

"District" means the Claywood Park Public Service District, a public corporation organized and existing under the laws of, and a political subdivision of, the State of West Virginia and, where appropriate, the Board thereof.

"Earnings Fund" means the Claywood Park Public Service District Earnings Fund created in Section 7.03B hereof.

"EPA" means the United States Environmental Protection Agency and any successor to the functions of the EPA.

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

(A) the excess of (i) the amount earned on all Nonpurpose Investments [other than investments attributable to an excess described in this subparagraph (A)], over (ii) the amount which would have been earned if such Nonpurpose Investments were invested at a rate equal to the yield on the issue, plus

(B) any income attributable to the excess described in subparagraph (A).

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

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

"General Resolution" means the general resolution adopted by the Authority.

"Governmental 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.

"Grant" means an amount expected to be received by the District from the EPA in aid of financing a certain portion of the Costs of the Project.

"Gross Proceeds" means the definition that is given such term in Section 148(f)(6)(B) of the Code.

"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 V hereof) or any Tap Fees, as hereinafter defined.

"I/A Future Connection Fund" means the Innovative or Alternative Future Connection Fund established by Section 5.01(3) hereof.

"I/A Renewal and Replacement Fund" means the Innovative or Alternative Renewal and Replacement Fund established by Section 5.01(4) hereof.

"Independent Accountants" means Harman, Thompson, Mallory & Ice, certified public accountants, Parkersburg, West Virginia, or any other certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the District to prepare an independent annual or special audit of the accounts of the System, as hereinafter defined, or for any other purpose except keeping the accounts of such System in the normal operation of its business and affairs.

"Investment Property" means any security (as such term is defined in section 165(g)(2)(A) or (B) of the Code), obligation annuity contract or investment-type property, excluding however, obligations the interest on which is excluded from gross income by Section 103 of the Code for Federal income tax purposes.

"Loan Agreement" means the loan agreement executed by the District on September 27, 1989, between the District and the Authority, pursuant to which the Authority has agreed to purchase $2,801,862.00 in aggregate principal amount of the Series A Bond, as the same may be supplemented or amended.

"Net Revenues" means Gross Revenues less Operating Expenses, as hereinafter defined.

"Nonpurpose Investments" means the definition given such term in Section 148(f)(6)(A) of the Code.

"Note" means the not more than $750,000 in principal amount of a note evidencing a line of credit originally authorized hereby.

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

"Outstanding," when used with reference to the Bonds or the Note and as of any particular date, describes all Bonds or the Note theretofore and thereupon being authenticated and delivered except (1) any Bond or Note cancelled by the Registrar at or prior to the date; (2) any Bond or Note for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); and (3) any Bond or Note deemed to have been paid as provided in Article X hereof.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 6.09 hereof.

"Paying Agent" means the bank, or such other entity designated by the District by the Supplemental Resolution.

"Plans and Specifications" means the plans and specifications for the construction of the Project prepared by the Consulting Engineers on file in the office of the District.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local government entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"Project" means the public service properties for the collection, treatment, purification and disposal of liquid or solid wastes, sewage or industrial wastes of the District, as described in Exhibit A attached hereto and incorporated herein by reference.

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

A. Government Obligations;

B. Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; the Federal National Mortgage Association (but only to the extent such obligations are guaranteed by the Government National Mortgage Association); or the Government National Mortgage Association;

C. Public housing bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

D. Certificates of deposit or other similar banking arrangements permitted by law, with a member bank or member banks of the Federal Reserve System or banks the deposits of which are insured by the FDIC, upon the terms and conditions as follows:

(i) all moneys invested in each such interest-bearing time deposit, certificate of deposit or similar banking arrangement shall be continuously and fully secured by obligations of the types described in clauses A, B and C above of a market value equal at all times to the amount of the deposit, certificate or similar banking arrangement; and

(ii) each such interest-bearing time deposit, certificate of deposit or similar banking arrangement shall permit the moneys so placed to be available for use at the times provided with respect to the investment or reinvestment of such moneys;

E. Direct and general obligations of the State or any other state within the territorial United States, to the payment of the principal of and interest on which the full faith and credit of such state is pledged; provided, that, at the time of their purchase, such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency;

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

G. Repurchase agreements relating to any securities of the type described in clauses A or C above with any banking institution or association, including the Depository Bank, or any other financial institution, provided that the Depository Bank (unless it is the issuer, in which case a third party) or the Bond Commission, as the case may be, or its agent have possession of the collateral, and that such collateral be free of claims of third parties; and

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

"Rebate Fund" means the Claywood Park Public Service District Rebate Fund created by Section 7.03B hereof.

"Registrar" means the bank or such other entity designated by the District as Registrar herein or by the Supplemental Resolution and its successors and assigns.

"Renewal and Replacement Fund" means the Claywood Park Public Service District Sewerage System Renewal and Replacement Fund established by Section 5.01(2) hereof.

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

"Revenue Fund" means the Claywood Park Public Service District Sewerage System Revenue Fund established by Section 5.01(1) hereof.

"Series A Bond" means the Sewerage System Series A Bond of the District described in Section 3.02 hereof.

"Series A Bond Reserve Account" means the Series A Sewerage System Series A Revenue Bond Reserve Account established in the Series A Sinking Fund, as hereinafter defined by Section 5.02(1) hereof.

"Series A Bond Reserve Account Requirement" means the maximum amount of principal and interest which will come due on the Series A Bond in the then current or any succeeding year.

"Series A Sinking Fund" means the Sewerage System Series A Bond Sinking Fund established by Section 5.02(1) hereof.

"Series B Bond" means the Sewerage System Series B Bond of the District described in Section 3.02 hereof.

"Series B Bond Reserve Account" means the Sewerage System Series B Bond Reserve Account established in the Series B Sinking Fund, as hereinafter defined, by Section 5.02(2) hereof.

"Series B Bond Reserve Account Requirement" means the maximum amount of principal which will come due on the Series B Bond in the then current or any succeeding year.

"Series B Sinking Fund" means the Sewerage System Series B Bond Sinking Fund established by Section 5.02(2) hereof.

"State" means the State of West Virginia.

"Supplemental Loan Agreement" means the supplemental loan agreement executed by the District on September 27, 1989, between the District and the Authority, pursuant to which the Authority has agreed to purchase $415,340.00 in aggregate principal amount of the Series B Bond, as the same may be supplemented or amended.

"Supplemental Resolution" means any resolution of the Board amending or supplementing this Resolution.

"Surplus Revenue" means the Net Revenue not required by the Resolution to be set aside and held for payment of or security for the Bonds or any other obligation of the District including the Renewal and Replacement Fund and the respective reserve accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the Project, in its entirety or any integral part thereof, and any improvements and extensions thereto hereafter constructed or acquired for the public services properties from any sources whatsoever, both within and without the District.

"Tap Fees" means the fees paid by customers of the District initially to connect onto the System.

"Tap Fees Account" means the Claywood Park Public Service District Project Tap Fees Account established by Section 5.01(5) hereof.

"Water Development Act" means Chapter 20, Article 5C, of the Code of West Virginia of 1931, as amended, and in effect on the date of adoption of this Resolution.

"Yield" means the definition given that term in Section 148(h) of the Code.

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

Words importing singular number include the plural number in each case and vice versa; words importing the masculine gender include every other gender; and words importing persons include firms, partnerships, associations and corporations.

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

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

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

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

A. The District is a public service district of the State of West Virginia situated in Wood County of the State. There is no consolidated public sewer system presently serving the residents of the District, and existing inadequate and unsatisfactory private sewage systems cause stream pollution and constitute public health hazards.

B. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the District that the Project be constructed at an estimated cost of $7,425,615, in accordance with the Plans and Specifications.

C. The District has received certain grants for the construction and acquisition of the Project, including a grant from the EPA in the approximate amount of $4,108,340. The District has entered into a Step II/III grant agreement with the EPA, pursuant to which the EPA will reimburse the District for approximately seventy-five percent (75%) of those Costs of the Project incurred by the District, which are eligible for reimbursement by EPA.

D. The District does not have any bonds or other obligations outstanding as of the date hereof which have a lien on the Gross Revenues or on the Net Revenues derived from the operation of the System.

E. The estimated Gross Revenues to be derived from the operation of the System in each year after the construction of the Project will be sufficient to pay all Operating Expenses and to pay the principal of and interest on the Bonds and to pay all Sinking Fund, respective reserve account, and Renewal and Replacement Fund and other payments provided for in this Resolution.

F. It is deemed necessary for the District to issue its Bonds, to finance costs of the construction and acquisition of the Project, and to issue, as soon as may be practicable thereafter, the Note to temporarily finance costs of construction and acquisition of the Project. Costs of the Project shall be deemed to include the cost of the acquisition or construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements determined upon is provided in the Act; interest upon the interim construction financing and upon the Bonds prior to, during and for six months after the completion of construction and acquisition of the Project; amounts which may be deposited in the respective reserve accounts; costs and expenses of the Authority related and incidental to the Project and the issuance of the Bonds, 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 Project; administrative expenses; commitment fees, fees and expenses of the Authority, discount, initial fees for the services of the Registrar, Paying Agent or depositories or other costs in connection with the sale of the Bonds and the Note; and such other expenses as may be necessary or incident to the financing authorized by this Resolution and the Act; the construction and acquisition of the Project and the placing of the same in operation and the performance of the things herein required or permitted in connection with any thereof including with respect to the Bonds any commitment fees to the Authority

and with respect to the Note, any fees for the providing of a letter of credit, and any costs of obtaining insurance thereon; provided, that reimbursement to the District for any amounts expended by it for any allowable costs prior to the issuance of the Bonds or the Note or the repayment of indebtedness incurred by the District for such purposes shall be deemed Costs of the Project.

G. The Authority has agreed to purchase not more than $3,217,202 in aggregate principal amount of the Bonds pursuant to the terms and provisions of the Loan Agreement and the Supplemental Loan Agreement.

H. It is in the best interests of the District that its Bonds be sold to the Authority pursuant to the Loan Agreement and the Supplemental Loan Agreement as soon after the adoption of this Resolution as may be practicable and authorized and permitted by applicable law.

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

J. The District has complied with all requirements of State law relating to the authorization of the construction, acquisition and operation of the System and the issuance of the Bonds and the Note, or will have so complied prior to issuance of any thereof, including among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of the State by final order the time for rehearing and appeal of which have expired or the appeal of which shall have been waived by the District and the staff of the Public Service Commission of the State.

K. There are not outstanding any obligations of the District which will rank prior to or on a parity with the Bonds as to lien and source of the security for payment. The Series B Bond shall be junior and subordinate to the Series A Bond as set forth herein. The Note will not be payable from the Net Revenues, but will be payable from Grant receipts, all as shall be set forth in a Supplemental Resolution authorizing the Note.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Bonds and the Note by those who shall be the registered owners of the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the District and such holders of the Bonds and the Note, and the covenants and agreements herein set forth to be performed by the District shall be for the equal benefit, protection and security, respectively, of the

registered owners of any and all of such Bonds and the Note, all of 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, and between any one Note and any other Note by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF THE PROJECT; APPROVAL OF ACTIONS: APPROVAL AND EXECUTION OF DOCUMENTS

Section 2.01. Authorization of the Project. There is hereby authorized the construction and acquisition of the Project described in Exhibit A hereto at an estimated cost of $7,425,615, in accordance with the plans and specifications which have been prepared by the Consulting Engineers heretofore filed in the office of the Board. The Proceeds of the Bonds and the Note hereby authorized shall be applied as provided in Article V hereof.

Section 2.02. Approval of Application, Loan Agreement, Amended Application and Supplemental Loan Agreement. The application for a construction loan to the Authority executed by an Authorized Officer of the District on March 30, 1989; the Loan Agreement; the amended application for a construction loan to the Authority, executed by an authorized officer of the District on July 6, 1989; and the Supplemental Loan Agreement are hereby approved, accepted and ratified. The execution by the Chairman of the Board and the Secretary of the Board of the Loan Agreement and the Supplemental Loan Agreement, copies of which are attached hereto as Exhibit D and Exhibit E, are hereby approved and ratified. The Chairman of the Board and the Secretary of the Board are hereby authorized to execute all other documents required to be executed by or on behalf of the District by the terms of the Loan Agreement and the Supplemental Loan Agreement. All stipulations, covenants and agreements contained in the Loan Agreement and the Supplemental Loan Agreement are incorporated herein and made a part hereof as fully as if herein set out in full.

Section 2.03. Approval of Actions. The Chairman of the Board, the Secretary of the Board and the other officers of the District hereby are authorized and directed to execute any and all instruments and perform any and all acts as, in their discretion, may be necessary or advisable in effecting the purposes of this Resolution, any Supplemental Resolution, the Loan Agreement and the Supplemental Loan Agreement.

ARTICLE III

BONDS

Section 3.01. Authorization of Bonds. For the purpose of capitalizing interest on the Series A Bond, paying the Costs of the Project not otherwise provided for, funding the Series A Bond Reserve Account and Series B Bond Reserve Account, and paying certain costs of issuance and related costs, there shall be issued negotiable Bonds of the District, in an aggregate principal amount of not more than $3,217,202. The Bonds shall be designated "Series A Bond" and "Series B Bond" in the aggregate principal amounts to be set forth in a Supplemental Resolution, and shall have such terms as set forth in Exhibit B and Exhibit C attached hereto or in a Supplemental Resolution. The proceeds of the Bonds remaining, if any, after funding of the respective Reserve Accounts and capitalization of interest shall be deposited in the Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of the Series A Bond and Series B Bond. The Series A Bond and Series B Bond shall bear interest, if any, at such rate or rates not exceeding the then legal maximum; shall mature on such day in such year and in such amounts; and shall be redeemable, in whole or part, all as the District shall prescribe in a Supplemental Resolution. The Series A Bond and Series B Bond shall be payable as to principal at the office of the Paying Agent in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series A Bond 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 Registrar, or by such other method as shall be mutually agreeable as long as the Authority is the holder thereof.

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

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

Section 3.03. Form of the Series A Bond and Series B Bond. The Series A Bond shall be issued in substantially the form set forth as Exhibit B hereto, with such appropriate corrections, omissions and insertions as are permitted or required by this Resolution or any Supplemental Resolution and are deemed advisable by the District.

The Series B Bond shall be issued in substantially the form set forth as Exhibit C hereto, with such appropriate corrections, omissions and insertions as are permitted or required by this Resolution or any Supplemental Resolution and are deemed advisable by the District.

Section 3.04. Execution of Bonds. The Bonds shall be executed in the name of the District by the manual signature of an Authorized Officer thereof, and the seal of the District shall be affixed thereto or imprinted thereon and attested by the Secretary of the District by manual or facsimile signature. In case any one or more of the persons who shall have signed or sealed any Bond shall cease to hold such office before such Bond so signed and sealed shall have been delivered, such Bond nevertheless may be delivered as herein provided and may be issued as if such person had not ceased to hold such office. Any Bond may be signed, sealed and attested on behalf of the District by such person who at the time of such actions shall hold the requisite office, regardless of whether such person shall have held such office or shall have been so authorized on the date of such Bond.

Section 3.05. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit hereof unless and until the Certificate of Authentication on such Bond shall have been duly executed by the Registrar. Any Certificate of Authentication upon any Bond so executed shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication on any Bond shall be deemed to have been executed by the Registrar if signed by the manual signature of any officer of the Registrar duly authorized. It shall not be necessary that the same authorized officer sign the Certificate of Authentication on all of the Bonds or on all of the Bonds of any series.

Section 3.06. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive holder, in accepting any of the Bonds, shall be deemed conclusively to have agreed to the incontestability of the Bonds in the hands of a bona fide holder for value, subject to compliance by such holder with the registration provisions herein and therein provided.

As long as any of the Bonds remain Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Bonds.

A Bond shall be transferable only by transfer of registration upon the books of the Registrar by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Bond, there shall be issued another Bond or Bonds (at the option of the transferee) of the same series, interest rate, if any, and maturity as the transferred Bond and of an aggregate principal amount equal to the unpaid principal amount of the transferred Bond.

In all cases in which the privilege of transferring or exchanging a Bond is exercised, any such Bond shall be delivered in accordance with the provisions of this Resolution. All Bonds surrendered in any such transfer or exchange shall be cancelled forthwith by the Registrar. Transfers of Bonds and exchanges of Bonds in the event of partial redemption shall be made by the Registrar without charge to the holder or the transferee thereof. For every transfer or exchange of Bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange. The District shall pay such service charge, tax or other governmental charge. The Registrar shall not be obliged to make any such transfer or exchange of Bonds during the period commencing with the 15th day of the month preceding (i) an interest payment date on the Bonds, or (ii) the date of selection of the Bonds to be redeemed (in the case of any proposed redemption of Bonds), and ending on such interest payment date or such Bond redemption date.

Section 3.07. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the District may execute, and the Registrar shall authenticate, register and deliver, a new Bond of like series, maturity and principal amount as the Bond so mutilated,

destroyed, stolen or lost, either in exchange for and upon surrender and cancellation of, such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, but only if the holder shall furnish the District and the Registrar with proof of his ownership thereof and that the Bond has been destroyed, stolen or lost and shall comply with such other reasonable regulations and conditions as the District or the Registrar may stipulate and paying such expenses as the District and the Registrar may incur. The name of the holder listed in the the books of the Registrar shall constitute proof of ownership. All Bonds so surrendered shall be submitted to and cancelled by the Registrar, and evidence of such cancellation shall be given to the District. If any such Bond shall have matured or be about to mature, the District, by and through the Registrar, may pay the same without issuance of a substitute Bond therefor.

Section 3.08. Person Treated as Owners. The District, the Registrar and any agent of the District or the Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of and interest, if any, on such Bond, and for all other purposes, whether or not such Bond is overdue.

Section 3.09. Delivery of the Series A Bond and the Series B Bond. The District shall execute and deliver to the Registrar, and the Registrar shall authenticate, register and deliver to the Authority the Series A Bond and the Series B Bond, upon payment therefor and receipt of the documents set forth below:

A. A request and authorization to the Registrar on behalf of the District, signed by an Authorized Officer, to authenticate and deliver to the Authority the Series A Bond and the Series B Bond; and

B. The unqualified approving opinion of bond counsel designated by the District and acceptable to the Authority.

Section 3.10. Application of Proceeds of Bonds. The proceeds received from the sale of the Bonds, except for the funding of the Bond Capitalized Interest Account shall be deposited in the Construction Trust Fund, which, except as otherwise agreed to in writing by the holder of the Bonds, shall be held separate and apart from all other funds of the District and on which such holder of the Bonds shall have a lien until the Bond proceeds are applied to the Costs of the Project, provided, however, that to the extent, if any, that

the Costs of the Project include the funding of any reserve accounts for the Bonds and Bond proceeds are to be so applied, as shall be determined by a Supplemental Resolution, the Bond proceeds shall be credited to the Construction Trust Fund and deposited in the respective reserve accounts and the holder of the Bonds shall have a lien on the proceeds in such reserve accounts.

Section 3.11. Sale of Bonds; Ratification of Execution of Loan Agreement with Authority. The Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement and Supplemental Loan Agreement. If not so authorized by previous resolution, any Authorized Officer is specifically authorized and directed to execute the Loan Agreement and Supplemental Loan Agreement and the Secretary is directed to affix the seal of the District, attest the same and deliver the Loan Agreement and the Supplemental Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, ratified and approved. The District may approve any supplements or amendments to the Loan Agreement or Supplemental Loan Agreement by a Supplemental Resolution.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain portions of the Costs of the Project pending receipt of the EPA Grant proceeds, the District may issue its fully registered Note in principal amount not to exceed $750,000. The Note shall be issued to evidence a line of credit from a commercial bank or other lender, at the discretion of the District, and as shall be set forth in a Supplemental Resolution hereto. The Note shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Supplemental Resolution.

Section 4.02. Terms of and Security for Note. The Note, if issued, shall be issued in fully registered form, with such terms and secured in the manner set forth in the Bank Credit Agreement, which Bank Credit Agreement in the form to be executed and delivered by the District shall be approved by a Supplemental Resolution.

Section 4.03. Note is Special Obligation. The Note shall be a special obligation of the District payable as to principal and interest solely from the EPA Grant receipts, Surplus Revenues, and other sources described in the Bank Credit Agreement or Supplemental Resolution. The Note does not and shall not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions. The general funds of the District are not liable, and neither the full faith and credit nor the taxing power, if any, of the District is pledged for the payment of the Note. The holder of the Note shall never have the right to compel the forfeiture of any property of the District. The Note shall not be a debt of the District, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the District or upon any of its income, receipts or revenues except as set forth in the Bank Credit Agreement or the Supplemental Resolution.

ARTICLE V

BOND PROCEEDS; REVENUES; FUNDS; AND ACCOUNTS

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

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Innovative or Alternative Future Connection Fund;

(4) Innovative or Alternative Renewal and Replacement Fund; and

(5) Construction Trust Fund.

(a) Within the Construction Trust Fund, the Tap Fees Account.

(6) Earnings Fund.

(7) Rebate Fund.

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

(1) Series A Sinking Fund;

(a) Within the Series A Sinking Fund, the Series A Bond Reserve Account;

(b) Within the Series A Sinking Fund, the Bonds Capitalized Interest Account.

(2) Series B Sinking Fund;

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

Section 5.03. Revenues; Funds and Accounts.

A. The Gross Revenues from the operation of the System shall be deposited upon receipt with the Depository Bank in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the District and used solely for the purposes and in the manner herein provided. All revenues on deposit each month in the Revenue Fund shall first be used to pay all reasonable Operating Expenses of the System. Thereafter, disbursements shall be made from the Revenue Fund in the order and priority set forth in Subsections B, C, D, E, F, G and H of this Section 5.03 and shall be used only for the purposes and in the manner herein provided.

B. (1) On the first day of each month, beginning on the first day of that month which is seven months prior to the first interest payment date on which interest is to be paid on the Series A Bond for which interest has not been capitalized, the District shall apportion and set apart out of the Revenue Fund and remit to the Bond Commission for deposit the Series A Sinking Fund a sum equal to one-sixth of the amount of interest which will become due on the Series A Bond on the next ensuing semiannual interest payment date; provided, that "next ensuing semiannual interest payment date" shall not refer to the interest payment date on which any such deposit is made. In the event the period to elapse between the date of such initial deposit in the Series A Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, at least one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(2) On the first day of each month, beginning on the first day of that month which is 13 months prior to the first principal payment date of the Series A Bond, the District shall apportion and set apart out of the Revenue Fund and remit to the Bond Commission for deposit in the Series A Sinking Fund, a sum equal to one-twelfth of the amount of principal which will mature and become due on the Series A Bond on the next ensuing principal payment date; provided, that "next ensuing principal payment date" shall not refer to the principal payment date on which any such deposit is made. In the event the period to elapse between the date of such initial deposit in the Series A Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, at least one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(3) To the extent the District has not funded the Series A Bond Reserve Account with Bond proceeds otherwise upon the issuance of the Series A Bond, the District shall next, from the Revenue Fund, remit to the Bond Commission for deposit in the Series A Bond Reserve Account on the first day of each month of each year, beginning with and including the month in which the payments required by Section 5.03 B (2) are commenced, an amount equal to 1/120th of the Series A Bond Reserve Account Requirement; provided that no further payments shall be made into the Series A Bond Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series A Bond Reserve Account Requirement.

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

Any withdrawals from the Series A Bond Reserve Account shall be subsequently restored from the first Net Revenues available after all required payments to the Series A Sinking Fund and Series A Bond Reserve Account, including any deficiencies for prior payments, have been made in full.

C. On the first day of each month, beginning with the first month in which interest on the Series A Bond shall be payable from the Revenue Fund, the District shall apportion and set apart out of the Revenue Fund and transfer to the Depository Bank, for deposit in the Renewal and Replacement Fund a sum equal to 2-1/2% of Gross Revenues, less any amount transferred to the Series A Bond Reserve Account received during the previous month. All funds in the Renewal and Replacement Fund shall be kept separate and distinct from all other funds of the District and the Depository Bank.

Withdrawals and disbursements from the Renewal and Replacement Fund shall be made by the District only for the following purposes:

(1) For the payment of the reasonable costs of replacements, emergency repairs, improvements or extensions to the System;

(2) For the payment of the then payable principal of, premium, if any, and interest on the Series A Bond if there are not sufficient funds therefor in the Series A Sinking Fund (including the Series A Bond Reserve Account); and

(3) To make up any deficiency in the Series A Bond Reserve Account (so that the amount on deposit therein is at least equal to the Series A Bond Reserve Account Requirement), subject to the provisions of Section 5.03 B hereof;

D. The District shall restore any withdrawals from the Series A Bond Reserve Account which have the effect of reducing the value of the funds therein below the Series A Bond Reserve Account Requirement, first from moneys then remaining in the Revenue Fund and next from funds deposited in the Renewal and Replacement Fund and then from the first Net Revenues available after all required deposits to the Series A Sinking Fund, including deposits in respect of deficiencies for prior deposits, have been made in full.

E. (1) On the first day of each month, beginning on the first day of that month which is 13 months prior to the first principal payment date of the Series B Bond, the District shall apportion and set apart out of the Revenue Fund and remit to the Bond Commission for deposit in the Series B Sinking Fund a sum equal to one-twelfth of the amount of principal which will mature and become due on the Series B Bond on the next ensuing principal payment date; provided, that "next ensuing principal payment date" shall not refer to the principal payment date on which any such deposit is made. In the event the period to elapse between the date of such initial deposit in the Series B Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, at least one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(2) To the extent the District has not funded the Series B Bond Reserve Account with Bond proceeds, the District shall next, from the Revenue Fund, remit to the Bond Commission for deposit in the Series B Bond Reserve Account on the first day of each month of each year, beginning with and including the month in which the payments required by Section 5.03E(1) are commenced, an amount equal to 1/120th of the

Series B Bond Reserve Account Requirement; provided that no further payments shall be made into the Series B Bond Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series B Bond Reserve Account Requirement.

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

Any withdrawals from the Series B Bond Reserve Account shall be subsequently restored from the first Net Revenues available after all required payments to the Series A Sinking Fund, Series A Bond Reserve Account, Renewal and Replacement Fund, Series B Sinking Fund and Series B Bond Reserve Account, including any deficiencies for prior payments, have been made in full.

F. On the first day of each month, beginning with the first month in which interest on the Series A Bond shall be payable from the Revenue Fund, and after making the deposit required by Section 5.03 E hereof, the District shall apportion and set apart out of the Revenue Fund and transfer to the Depository Bank, for deposit in the I/A Future Connection Fund, $824.00. All funds in the I/A Future Connection Fund shall be kept separate and distinct from all other funds of the District and the Depository Bank.

Withdrawals and disbursements from the I/A Future Connection Fund shall be made by the District only for the following purposes:

(1) For the payment after the completion of the construction of the System of the actual cost of connecting future customers requiring either vacuum pump service or pressure valve service to the System (after application of any tap fee collected from such customers).

(2) For the payment of the then payable principal of, premium, if any, and interest on the Series A Bond if there are not sufficient funds therefor in the Series A Sinking Fund (including the Series A Bond Reserve Account), and for the payment of the then payable principal of and premium, if any, on the Series B Bond if there are not sufficient funds therefor in the Series B Sinking Fund (including the Series B Bond Reserve Account); and

(3) To make up any deficiency in the Series A Bond Reserve Account (so that the amount on deposit therein is at least equal to the Series A Bond Reserve Account Requirement), subject to the provisions of Section 5.03 B hereof, and to make up any deficiency in the Series B Bond Reserve Account (so that the amount on deposit therein is at least equal to the Series B Bond Reserve Account Requirement), subject to the provisions of Section 5.03 E hereof;

G. On the first day of each month, beginning with the first month in which interest on the Series A Bond shall be payable from the Revenue Fund, and after making the deposit required by Section 5.03 F hereof, the District shall apportion and set apart out of the Revenue Fund and transfer to the Depository Bank, for deposit in the I/A Renewal and Replacement Fund, $880.00. All funds in the I/A Renewal and Replacement Fund shall be kept separate and distinct from all other funds of the District and the Depository Bank.

Withdrawals and disbursements from the I/A Renewal and Replacement Fund shall be made by the District only for the following purposes:

(1) For the payment after the completion of the construction of the System of the actual cost of replacing grinder pumps and vacuum valves;

(2) For the payment of the then payable principal of, premium, if any, and interest on the Series A Bond if there are not sufficient funds therefor in the Series A Sinking Fund (including the Series A Bond Reserve Account), and for the payment of the then payable principal of and premium, if any, on the Series B Bond if there are not sufficient funds therefor in the Series B Sinking Fund (including the Series B Bond Reserve Account); and

(3) To make up any deficiency in the Series A Bond Reserve Account (so that the amount on deposit therein is at least equal to the Series A Bond Reserve Account Requirement), subject to the provisions of Section 5.03 B hereof, and to make up any deficiency in the Series B Bond Reserve Account (so that the amount on deposit therein is at least equal to the Series B Bond Reserve Account Requirement), subject to the provisions of Section 5.03 E hereof;

H. On such dates as the Bond Commission shall require, the District shall remit to the Bond Commission such additional sums from the Revenue Fund as shall be necessary to pay the fiscal agency charges due for paying the Bonds and the interest thereon, if any.

Pending such application, moneys in the Revenue Fund shall be invested in accordance with Article VII hereof.

Moneys on deposit in the Series A Sinking Fund shall be used only for the purposes of paying the principal of and the interest on the Series A Bond as the same shall become due. Moneys on deposit in the Series B Sinking Fund shall be used only for the purpose of paying principal of the Series B Bond as the same shall become due.

The District shall not be required to make further deposits into the Series A Sinking Fund and the Series A Bond Reserve Account therein and the Series B Sinking Fund and the Series B Bond Reserve Account therein when the sums of cash, Government Obligations and interest to be earned on such Government Obligations, without reinvestment in the respective Sinking Funds and Reserve Accounts therein, is at least equal to the aggregate principal amount of Bonds then Outstanding plus the amount of interest due or thereafter to become due thereon.

As and when additional bonds are issued, provision shall be made for additional deposits into the respective Sinking Funds sufficient to pay the interest, if any, on such additional bonds and accomplish retirement thereof at or before maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum provided and required to be paid into the concomitant sinking fund in any year for account of the bonds of such series, including such additional bonds which by their terms are payable from such sinking fund.

Deposits into the respective Series A Sinking Fund and Series B Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such deposit shall be made on the next succeeding business day. All such deposits shall be remitted to the Bond Commission with appropriate instructions, consistent with the provisions of this Resolution, as to the custody, use and application of the funds deposited.

I. All investment earnings on moneys in the several Sinking Funds and Reserve Accounts shall be returned, not less than once each year, by the Commission to the District, and such amounts shall, during construction of the Project, be deposited in the Construction Trust Fund and following completion of the 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 respective series of Bonds, and then to the next ensuing principal payments or prepayments due thereon.

J. Whenever all the required transfers and deposits from the Revenue Fund have been made and there remains on deposit in the Revenue Fund an amount exceeding the amount estimated to be required to be paid for Operating Expenses during the then current Fiscal Year and the next ensuing Fiscal Year, as determined by resolution of the Board, such Surplus Revenue may be transferred to the Renewal and Replacement Fund or used for any lawful purpose of the System, including payment of the Note, or payment on other obligations junior, subordinate and inferior to the Series A Bond and the Series B Bond as directed by the Board.

K. If on any payment date Net Revenues are insufficient to make the transfers and deposits hereinabove provided, the deficient transfer or deposit shall be corrected on the next ensuing payment date by payments in addition to the payments otherwise required to be made on such payment date.

L. The Bond Commission hereby is designated as the fiscal agent for the administration of the Series A Sinking Fund and the Series B Sinking Fund. All amounts to be deposited into the respective Sinking Funds shall be remitted by the District to the Bond Commission, as provided herein. All such remittances shall identify clearly the fund or account into which such remittance is to be deposited.

M. Funds on deposit in the Revenue Fund, excess Bond proceeds and the Renewal and Replacement Fund in excess of the amount insured by the FDIC shall be secured at all times to the full extent of such excess by such Qualified Investments as are eligible under the laws of the State to secure deposits of municipal funds.

N. Gross Revenues will be used only for the lawful purposes of the System.

Section 5.04. Construction Trust Fund. The Construction Trust Fund shall be segregated from all other funds and accounts of the Depository Bank or the District and used solely for the purposes provided herein.

Disbursements from the Construction Trust Fund, except for the costs of issuance of the Series A Bond and Series B Bond which shall be made upon request of the District, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Construction Trust Fund may be invested and reinvested in Qualified Investments at the discretion of the District.

After completion of the Project, as certified by the Consulting Engineers, any moneys remaining in the Construction Trust Fund shall be applied to (i) the Series A Bond Reserve Account up to the amount of the Series A Bond Reserve Account Requirement; (ii) the Series B Bond Reserve Account up to the amount of the Series B Bond Reserve Account Requirement, and (iii) any remaining amount to the Revenue Fund, with the District to apply such moneys in full first, to the next ensuing interest payment due on the Series A Bond, second, to the next ensuing principal payment due on the Series A Bond, and third, to the next ensuing principal payment due on the Series B Bond. Notwithstanding the foregoing, if the Authority tenders any of it Series B Bonds to the District pursuant to the provisions of the Supplemental Loan Agreement, such moneys shall be applied to the purchase of such Series B Bonds.

Section 5.05. Tap Fees, I/A Future Connection Fund; I/A Renewal and Replacement Fund; Tap Fees Account. From the proceeds of all Tap Fees collection by the District prior to the completion of the construction of the System, there shall be made the following deposits:

(1) To the I/A Future Connection Fund, $22,500.00; and

(2) To the Tap Fees Account in the Construction Trust Fund, the remaining proceeds.

The District shall pay promptly out of the Tap Fees Account the costs of connection to the System. Any amounts remaining in the Tap Fees Account after connections have been made for all customers who paid such Tap Fees shall be considered excess and shall be transferred by the Depository Bank to the Construction Trust Fund and used for authorized purposes thereof for as long as such Construction Trust Fund remains in existence, and thereafter to the Revenue Fund.

Section 5.06. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series A Bond and Series B Bond, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series A Bond and the Series B Bond there shall first be paid any and all borrowings by the District made for temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment.

B. From the proceeds of the Series A Bond, there shall be deposited with the Bond Commission in the Bond Capitalized Interest Account, the amount, if any, specified in a Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series A Bond for the period commencing on the date of issuance of the Series A Bond and ending six (6) months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series A Bond, there shall be deposited with the Bond Commission in the Series A Bond Reserve Account and from the proceeds of the Series B Bonds there shall be deposited with the Bond Commission in the Series B Bond Reserve Account the respective sums, if any, set forth in a Supplemental Resolution for funding of the Series A Bond Reserve Account, and the Series B Bond Reserve Account.

D. The remaining moneys derived from the sale of the Series A Bond and the Series B Bond shall be deposited with the Depository Bank in the Construction Trust Fund and applied solely to payment of the Cost of the Project in the manner set forth in Section 5.04 above.

E. The Depository Bank shall act as a trustee and fiduciary for the holder of the Series A Bond and the Series B Bond, with respect to the Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Construction Trust Fund set forth in this Resolution. Moneys in the Construction Trust Fund shall be

used solely to pay the Cost of the Project and until so expended, are hereby pledged as additional security for the Series A Bond and thereafter for the Series B Bond. In the event that the Note is issued, the disposition of funds in the Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

ARTICLE VI

ADDITIONAL COVENANTS OF THE DISTRICT

Section 6.01. General Covenants of the District. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the District and shall be enforceable in any court of competent jurisdiction by any holder or holders of the Bonds, as prescribed in Article VIII hereof. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, for as long as any Bonds remain Outstanding. Until the payment in full of the principal of and interest on the Note when due, and to the extent they do not materially adversely affect the holder or holders of any of the Bonds, the covenants, agreements and provisions contained in this Resolution shall, where applicable, also inure to the benefit of the holder of the Note and constitute valid and legally binding covenants of the District, enforceable in any court of competent jurisdiction by the holder or holders of the Note.

Section 6.02. Bonds and Note Not to be Indebtedness of the District. Neither the Bonds nor the Note shall be or constitute an indebtedness of the District within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No holder or holders of any Bonds or the Note, shall ever have the right to compel the exercise of the taxing power, if any, of the District to pay said Bonds or Note or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues, Funds and Unexpended Bond Proceeds. The payment of the debt service on the Series A Bond issued hereunder shall be secured forthwith by a first lien on and pledge of the Net Revenues and the payment of the debt service on the Series B Bond issued hereunder shall be secured forthwith by a lien on and pledge of the Net Revenues, but such lien shall be junior and subordinate to the lien on the Net Revenues in favor of the holder of the Series A Bond. Net Revenues in an amount

sufficient to pay the principal of, premium, if any, and interest on first, the Series A Bond, and second, the Series B Bond, if any, and to make the deposits into the respective Sinking Funds and all other payments provided for in this Resolution, and the funds on deposit in the respective Sinking Funds, the Renewal and Replacement Fund, the I/A Future Connection Fund, and the I/A Renewal and Replacement Fund are pledged irrevocably hereby in the manner provided in this Resolution to the payment of the principal of, premium, if any, and interest, if any, on first, the Series A Bond, and second, the Series B Bond, as the same becomes due and for the other purposes provided in this Resolution. The District hereby pledges the unexpended proceeds, if any, of each series of Bonds as additional security for payment of the principal of, premium, if any, and interest, if any, on first, the Series A Bond, and second the Series B Bond, until expended in accordance with the provisions of this Resolution.

Section 6.04. Rates. Just and equitable rates and charges for the use of and the 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 fixed and established at all times shall be kept on file in the offices of the District, open to inspection by all interested parties. The schedule of rates and charges shall produce in each year Gross Revenues sufficient to make the required payments into the funds and accounts created hereunder and to pay Operating Expenses. Such schedule of rates and charges shall be revised from time to time, 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 District hereby covenants and agrees that it will fix, establish and collect rates and charges which always shall provide Net Revenues along with all other revenues of the System after paying all Operating Expenses sufficient to leave a balance each year equal to not less than one hundred fifteen percent (115%) of the maximum annual amount required to pay the interest and principal as the same become due and accomplish retirement of all Bonds, and all other obligations secured by or payable from the Net Revenues prior to or on a parity with the Bonds; provided that in the event that amounts equal to or in excess of the Reserve Account Requirements are on deposit in the respective Reserve Accounts and the reserve accounts for obligations prior to or on a parity with the Bonds are funded at least at the requirements therefor, the foregoing percentage may be adjusted by the District to one hundred ten percent (110%) of the maximum annual amount required to pay the principal of and interest on the Bonds and all other obligations secured by or payable from Net Revenues prior to or on a parity with the Bonds.

Section 6.05. Completion, Operation and Maintenance, Right of Access. The District will expeditiously complete the Project and will provide and maintain competent and adequate resident engineering services satisfactory to the District and the Authority for the supervision and inspection of the construction of the Project, and bearing the responsibility of assuring the construction conforms to the Plans and Specifications and shall require its resident engineer to certify to the Authority and the District at the completion of construction that construction is in accordance with the Plans and Specifications. Upon completion of the construction, the District will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner in compliance with the water quality standards established by the West Virginia Department of Natural Resources and the EPA, as well as all other State and Federal laws, regulations, orders, and standards, with qualified operating personnel properly certified, making expenditures for equipment and for the economical operation and maintenance thereof from Gross Revenues as provided in this Resolution. As long as the Authority shall hold the Bonds, the Authority, the EPA and their duly authorized agents shall have the right at all reasonable times to enter upon the System to examine and inspect the same and shall, prior to, at and after completion of construction and commencement of operation of the System, have such rights of access to the System as may be reasonably necessary to accomplish all of the powers and rights of the Authority in respect of the System pursuant to the pertinent provisions of the Water Development Act.

Section 6.06. Sale of the System while the Bonds are Outstanding. As long as any of the Bonds are Outstanding, the System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to defease the pledge created by this Resolution as provided by Sections 10.01 and 10.02 hereof. The proceeds from such sale, mortgage, lease or other disposition of the System immediately shall be remitted to the Bond Commission for deposit in the respective Sinking Funds, and with the written permission of the Authority, or in the event the Authority is no longer a holder of a Bond, the District shall direct the Bond Commission to apply such proceeds to the principal at maturity and interest on the Bonds. Any balance remaining after such payment and discharge shall be remitted to the District by the Bond Commission unless necessary for the payment of other obligations of the District payable out of Net Revenues.

Section 6.07. Additional Provisions Regarding the Sale of the System. The foregoing provisions notwithstanding, the District 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 District shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the District shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding or by transfer to another political subdivision 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 written consent of the Authority, be remitted by the District to the Bond Commission for deposit in the Series A Bond Sinking Fund and shall be applied only to the purchase of the Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Series A Bond Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Resolution. No sale, lease or other disposition of the properties of the System shall be made by the District 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, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The District 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 6.08. Issuance of Other Obligations Payable out of Net Revenues and General Covenant Against Encumbrances. Except as provided in this Section and in Section 6.09 B, the District shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Note issued under a Supplemental Resolution prior to or on a parity with the lien on behalf of such Note until such Note has been defeased in accordance with the provisions of this Resolution or the Bank Credit Agreement. Additionally, as long as any Bonds are Outstanding, the District shall not issue any other obligations whatsoever payable from Net Revenues which, as to lien, security and source of payment, rank prior or equal to the Bonds; provided, however, that additional Bonds on a parity with the Series B Bond only may be issued as provided in Section 6.09 hereof.

All obligations issued by the District after the issuance of the Bonds and payable from the Net Revenues of the System, except such additional parity bonds provided for by Section 6.09 shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series A Bond and the Series B Bond; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the respective Reserve Accounts, the Renewal and Replacement Fund, the I/A Future Connection Fund, and the I/A Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the District 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 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Resolution or upon the System or any part thereof.

Section 6.09. Parity Bonds. A. No Parity Bonds, payable out of Net Revenues, shall be issued after the issuance of any Bonds pursuant to this Resolution, except 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 B Bond. No Parity Bonds shall be issued which shall be payable out of Net Revenues on a parity with the Series A Bond, unless the Series B Bond is no longer Outstanding.

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

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

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the District and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the secretary of the public service board of the District prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Accountants,

as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the District, the period for appeal of which has expired prior to the issuance of such Parity Bonds.

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

All covenants and other provisions of this Resolution (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the holders of the Bonds, and the holders of any Parity Bonds 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 over any other Bond. The District shall comply fully with all the increased payments into the various funds and accounts created in this Resolution required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofor issued pursuant to this Resolution.

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

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

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

B. Notwithstanding the foregoing, or any provision of Section 6.08 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 6.09 if there is first obtained by the District the written consent of the Authority to the issuance of bonds on a parity with the Bonds.

Section 6.10. Insurance; Construction and Fidelity Bonds; Workers' Compensation. The District shall provide and maintain with a reputable insurance carrier or carriers such insurance as is customarily carried with respect to works and properties similar to the System, against loss or damage by fire, lightening, vandalism, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. In time of war, the District also shall carry such insurance as may be available against loss or damage by the risks and hazards of war. Such insurance at all times shall be maintained in an amount equal to the fair appraisal value of the buildings, properties, furniture, fixtures and equipment of the System. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for repairs to and restoration of damaged or destroyed properties of the System or for the other purposes herein for which moneys in the Renewal and Replacement Fund may be applied. The District also shall provide and maintain liability insurance for injury or damage to persons or property in such amounts as are adequate for such purposes and customarily carried with respect to works and properties similar to the System. The District will provide and maintain or, at its option, require each contractor dealing directly with the District to provide and maintain: (i) Workers' Compensation coverage, (ii) public liability insurance; (iii) property damage insurance; (iv) vehicular liability insurance, all in amounts and on terms satisfactory to the District and the Authority and (v) performance and payment bonds in amounts of not less than 100% of the construction contracts. The District shall file such payment bonds with the Clerk of the County Commission of Wood County prior to the commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the Code of West Virginia of 1931, as amended. The District will maintain in force Workers' Compensation coverage for employees of the District, and will obtain for and maintain in force for every officer or employee of the District having custody of any funds of the System fidelity bonds in an amount at least equal to the total amount of funds in the custody of such officer or employee at any one time. 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 shall be obtained by the District and maintained as long as any of the Bonds or the Note are Outstanding. Prior to commencing operation of the Project, the District will also obtain, and maintain as long as any Bonds or the Note are Outstanding, business interruption insurance, if available at a reasonable cost.

Section 6.11. Service Rendered to the District. The District will not render or cause to be rendered any free services of any nature by the System; and, in the event the District or any department, agency, instrumentality, officer or employee of the District shall avail itself or himself 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 District and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the District shall transfer from its general funds sufficient sums to pay such charges. The revenues so received shall be deemed to be Gross Revenues and shall be deposited and accounted for in the same manner as other Gross Revenues.

Section 6.12. Enforcement of Collections. The District diligently will enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals or other charges as shall become delinquent to the full extent permitted or authorized by the Act or otherwise by the laws of the State. The District shall to the full extent permitted by applicable law and the rules and regulations of the West Virginia Public Service Commission discontinue and shut off (1) the services and facilities of the System and (2) in the event the District owns a water facility, the services of such water facility to all users of the service of the System delinquent in payment of charges for the services of the System. The District will not restore the services of the System or of the water facility until all such delinquent amounts, including reasonable interest and penalty charges for services of the System, have been paid in full. As provided in the Act, all fees, rates and charges of the District for sewer facilities are liens on the premises served of equal dignity, rank and priority with the lien on such premises of State, county and school and municipal taxes. To the extent allowable under the Act, all other laws, and applicable rules and regulations of the Public Service Commission, the District will take reasonable steps to perfect such liens, and upon exhaustion of all other remedies to foreclose upon such premises in the manner required by Section 9a of the Act.

Section 6.13. No Competing Franchise. To the extent legally allowable, the District will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.14. Books and Records. The District will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the System and the Costs of the Project, and any holder of Bonds or the Note and the Authority shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the District relating thereto. As long as the Authority shall hold the Bonds, the District shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project and the administration of the Bonds, the Note, the Grant, or other sources of financing for the Project.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of the State and the Act. Separate control accounting records shall be maintained by the District. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records, as prescribed by the District. The District 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 District shall be reported to the Board and to such other agents of the District as the Board shall direct.

The District shall file with the Authority, and shall mail in each year to any holder of the Bonds, requesting the same, an annual report containing the following:

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

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

C. The amount of the Bonds, the Note or other obligations Outstanding.

The District also, at least once a year, shall cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of the Independent Accountants, or a summary thereof, to any holder of the Bonds or the Note and shall file the report with the Authority. Said report shall be completed and made available within 120 days following the conclusion of each Fiscal Year. Such audit report shall specifically include a recital that the District is in compliance with the covenants and duties provided in this Resolution or the Loan Agreement and Supplemental Loan Agreement as applicable.

Section 6.15. Initial Schedule of Rates. The rates, fees and other charges for the use of the services and facilities of the System, established under a resolution enacted by the Board on or before the effective date of this Resolution and in full force and effect, or ordered by the Public Service Commission of the State, the time for appeal of such rates, fees and other charges having expired or been waived by any party who could so appeal, shall constitute the initial schedule, rates, fees and charges to be collected for use of the services and facilities of the System.

Section 6.16. Operating Budget. Annually, at least 30 days preceding the beginning of each Fiscal Year, the District shall prepare and adopt by resolution a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditure for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefore in such budget without a written finding and recommendation by the Consulting Engineers stating in detail the purpose of and necessity for such increased expenditure for the operation and maintenance of the System, and no such increased expenditure shall be made until the District has approved such finding and recommendation by a resolution duly adopted. No increased expenditure in excess of ten percent (10%) of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increase expenditures are necessary for the continued operation of the System. The District shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and shall make available such budget and all such resolutions at all reasonable times to the Authority and, upon request, to any holder of the Bonds, or anyone acting for and in behalf of any such holder of the Bonds.

Section 6.17. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants of, and the economy of, the District and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory serviced by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 6.18. Redemption of Bonds Held by Authority. As long as the Authority is the owner of any of the Series A Bond and Series B Bond Outstanding, the District shall not redeem any of such Series A Bond and Series B Bond Outstanding without the written consent of the Authority, and any such redemption of Series A Bond and Series B Bond authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Series A Bond and Series B Bond and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution.

Section 6.19. Payment of Program Expenses. As long as the Bonds are held by the Authority, the District agrees to pay from time to time, as required by the Authority, the District's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses and fees paid to the Trustee and paying agents for the water development revenue bonds. The District hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.09(d) of the General Resolution.

In the event the District defaults in the payment of any fees due to the Authority pursuant to this section, the amount of such default shall bear interest at the rate of five percent (5%) per annum, from the date of default until the date of the payment thereof.

Section 6.20. Authority Rights on Default. As long as the Authority shall hold the Bonds, the District hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the District, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Water Development Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System; and the District hereby covenants and agrees that, if the Authority should hereafter have recourse to the rights and powers, the District shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority.

Section 6.21. Authority Approval of Federal Pollution Abatement Assurance. The District hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before hereafter applying for federal financial assistance for pollution abatement.

Section 6.22. Tax Covenants. The District hereby further covenants, represents and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. (i) Not in excess of 10% of the Net Proceeds of the Bonds is used for private business use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a private business use or in payments in respect of property used or to be used for a private business use or is to be derived from payments,

whether or not to the District, in respect of property or borrowed money used or to be used for a private business use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Bonds are used for private business use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said private business use or in payments in respect of property used or to be used for said private business use or is to be derived from payments, whether or not to the District, in respect of property or borrowed money used or to be used for said private business use, then said excess of said 5% of Net Proceeds of the Bonds used for a private business use shall be used for a private business use related to the governmental use of the Project.

B. PRIVATE LOAN LIMITATION. Not in excess of the lesser of 5% of the Net Proceeds of the Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting nonpurpose investments) to persons other than state or local government units.

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

D. REPORTING REQUIREMENTS. The District will file all reports or statements necessary to insure the tax-exempt status of the Bonds, including without limitation, the information return required under Section 149(e) of the Code.

Section 6.23. Statutory Mortgage Lien. For the further protection of the holders of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Bonds and shall be for the equal benefit of all holders of each respective series of the Bonds, provided however, that the statutory mortgage lien in favor of the holders of the Series A Bonds shall be senior to the statutory mortgage lien in favor of the holders of the Series B Bonds.

ARTICLE VII

INVESTMENTS: NON-ARBITRAGE

Section 7.01. Investments. The District shall invest and reinvest, and hereby instructs the Bond Commission and the Depository Bank to invest and reinvest, in Qualified Investments any moneys held as part of the funds and accounts created by this Resolution, other than the Revenue Fund, to the fullest extent possible subject to applicable laws and this Resolution, and the need for such moneys for the purposes set forth herein, and the specific restrictions and provisions set forth in this Section 7.01. The District may direct the Bond Commission and the Depository Bank in writing as to what particular permitted investments shall be made.

Except as otherwise provided herein or as provided below, any investment shall be held in and at all times be deemed a part of the fund or account in which the moneys and investments are held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the corresponding fund or account. The investments held by the Depository Bank shall be valued as of each January 1 and July 1 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 value if such investment is in the "Consolidated Fund"; provided, that no investment shall be sold or reduced by reason of the current market value exceeding the cost thereof. The Bond Commission or the Depository Bank, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of any loss on such liquidation. The District may invest funds on deposit with the Depository Bank through the trust department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, except losses due to its own gross negligence or willful misconduct.

Any Qualified Investments acquired for the Bond Capitalized Interest Account shall mature or be subject to redemption at the option of the holder at least one day prior to the date on which such moneys are required for transfer to the Paying Agent.

Qualified Investments acquired for the Renewal and Replacement Fund shall mature or be subject to redemption at the option of the holder within three years from the date of such investment.

Qualified Investments acquired for the Series A Bond Reserve Account and the Series B Bond Reserve Account shall mature or be subject to redemption at the option of the holder within five years from the date of such investment.

Section 7.02. Arbitrage. The District covenants that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, in view of the District's reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute "arbitrage bonds" under Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 7.03. Rebates of Excess Arbitrage Earnings to the United States. A. GENERAL COVENANT. The District hereby covenants to comply with all regulations from time to time in effect and applicable to the Bonds, as may be necessary in order to fully comply with Section 148(f) of the Code.

B. CREATION OF FUNDS. Notwithstanding the above, there are hereby created, to be held by the Depository Bank as separate funds distinct from all other funds and accounts held by the Depository Bank under this Resolution, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Resolution, other than (i) interest earnings and profits on any funds referenced in Subsection C(5) of this Section if such earnings in any Bond Year are less than $100,000, (ii) interest earnings and profits on amounts in funds and accounts which do not constitute Gross Proceeds, and (iii) interest earnings and profits on the Rebate Fund shall, upon receipt by the Depository Bank, be deposited in the Earnings Fund. In addition, all interest earnings and profits on Gross Proceeds in funds held by the District shall, upon receipt, be paid to the Depository Bank for deposit in the Earnings Fund. Annually, on the last day of each Bond Year or on the preceding business day in the event that such last day is not a business day, the Depository Bank shall transfer from the Earnings Fund to the Rebate Fund for purposes of ultimate payment to the United States an amount equal to Excess Investment Earnings, all as more particularly described in this Section. Following the transfer referenced in the preceding sentence, the Depository Bank shall transfer all amounts remaining in the Earnings Fund to be used for the payment of Debt Service on the next interest payment date and for such purpose, Debt Service due from the District on such date shall be credited by an amount equal to the amount so transferred.

C. DUTIES OF DISTRICT IN GENERAL. The District shall calculate Excess Investment Earnings in accordance with Subsection C and shall assure payment of an amount equal to Excess Investment Earnings to the United States in accordance with Subsection E and F.

D. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within 30 days following the last day of the first Bond Year, the District shall calculate, and shall provide written notice to the original holder of the Bonds and Depository Bank of, the Excess Investment Earnings referenced in clause (A) of the definition of Excess Investment Earnings. Thereafter, within 30 days following the last day of each Bond Year and within 30 days following the date of the retirement of the Bond, the District shall calculate, and shall provide written notice to the holder of the Bonds and Depository Bank of, the amount of Excess Investment Earnings. Said calculations shall be made or caused to be made by the District in accordance with the following:

(1) Except as provided in (2), in determining the amount described in clause A(i) of the definition of Excess Investment Earnings, the aggregate amount earned on Nonpurpose Investments shall include (i) all income realized under federal income tax accounting principles (whether or not the person earning such income is subject to federal income tax) with respect to such Nonpurpose Investments and with respect to the reinvestment of investment receipts from such Nonpurpose Investments (without regard to the transaction costs incurred in acquiring, carrying, selling or redeeming such Nonpurpose Investments), including, but not limited to, gain or loss realized on the disposition of such Nonpurpose Investments (without regard to when such gains are taken into account under Section 453 of the Code relating to taxable year of inclusion of gross income), and income under Section 1272 of the Code (relating to original issue discount) and (ii) any unrealized gain or loss as of the date of retirement of the Bonds in the event that any Nonpurpose Investment is retained after such date.

(2) In determining the amount described in clause (A) of the definition of Excess Investment Earnings, Investment Property shall be treated as acquired for its fair market value at the time it becomes a Nonpurpose Investment, so that gain or loss on the disposition of such Investment Property shall be computed with reference to such fair market value as its adjusted basis.

(3) In determining the amount described in clause (A)(ii) of the definition of Excess Investment Earnings, the Yield on the Bonds shall be determined based on the actual Yield of the Bonds during the period between the closing date of the Bonds and the date the computation is made (with adjustments for original issue discount or premium).

(4) In determining the amount described in clause (B) of the definition of Excess Investment Earnings, all income attributable to the excess described in clause (A) of said definition must be taken into account, whether or not that income exceeds the Yield of the Bond, and no amount may be treated as "negative arbitrage."

(5) In determining the amount of Excess Investment Earnings, there shall be excluded any amount earned on any fund or account which is used primarily to achieve a proper matching of revenues and debt service within each Bond Year and which is depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1 year's earnings on such fund or account or 1/12th of annual debt service as well as amounts earned on said earnings if the gross earnings on such fund or account for the Bond Year is less than $100,000.

(E) PAYMENT TO THE UNITED STATES. The Issuer shall direct the Depository Bank to pay from the Rebate Fund an amount equal to Excess Investment Earnings to the United States in installments with the first payment to be made not later than 30 days after the end of the 5th Bond Year and with subsequent payments to be made not later than 5 years after the preceding payment was due. The District shall assure that each such installment is in an amount equal to at least 90% of the Excess Investment Earnings with respect to the Gross Proceeds as of the close of the computation period. Not later than 60 days after the retirement of the Bonds, the District shall direct the Depository Bank to pay from the Rebate Fund to the United States 100% of the theretofore unpaid Excess Investment Earnings in the Rebate Fund. In the event that there are any amounts remaining in the Rebate Fund following the payment required by the preceding sentence, the Depository Bank shall pay said amounts to the District to be used for any lawful purpose of the System. The District shall remit payments to the United States at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required by this Subsection E, the District shall assure that such payments are made by the District to the United States, on a timely basis, from any funds lawfully available therefor.

F. FURTHER OBLIGATIONS OF DISTRICT. The District shall assure that Excess Investment Earnings are not paid or disbursed except as required in this Section. To that end the District shall assure that investment transactions are on an arm's length basis and that Nonpurpose Investments are acquired at their fair market value. In the event that Nonpurpose Investments consist of certificates of deposit or investment contracts, investment in such Nonpurpose Investments shall be made in accordance with the procedures described in applicable Regulations as from time to time in effect. The Depository Bank shall keep the moneys in the Earnings Fund and Rebate Fund invested and reinvested to the fullest extent practicable in Government Obligations with maturities consonant with the required use thereof and investment profits and earnings shall be credited to the account of such fund on which earned.

G. MAINTENANCE OF RECORDS. The District shall keep, and retain for a period of six (6) years following the retirement of the Bonds, records of the determinations made pursuant to this Section 7.03.

H. INDEPENDENT CONSULTANTS. In order to provide for the administration of this Section 7.03, the District and the Depository Bank (at the expense of the District) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the District or the Depository Bank may deem appropriate.

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 8.01. Events of Default. A. Occurrence of any of the following events shall constitute an "Event of Default" with respect to the Bonds:

1. Default in the due and punctual payment of the principal of, premium, if any, or interest on any Bond;

2. Default in the observance by the District of any of the covenants, agreements or conditions on its part in this Resolution or any Supplemental Resolution or in the Bonds, and continuance thereof for a period of 30 days after written notice specifying such default and requiring that the same be remedied shall have been given to the District or by any holder of the Bonds; or

3. The filing by the District of a petition seeking bankruptcy, reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America or of the State.

B. Occurrence of any of the following events shall constitute an "Event of Default" with respect to the Note:

1. Default in the due and punctual payment of the principal of or interest on the Note; or

2. Default in the District's observance of any of the covenants, agreements or conditions on its part relating to the Note set forth in this Resolution, any Supplemental Resolution, the Bank Credit Agreement or in the Note, and such default shall have continued for a period of 30 days after the District shall have been given written notice specifying such default and requiring that the same be remedied shall have been given to the District or by any holder of the Note; or

3. The filing by the District of a petition seeking bankruptcy reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America or of the State.

Section 8.02. Enforcement. Upon the occurrence and during the continuance of any Event of Default, any holder of the Bonds or Note, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights. Without limiting the generality of the foregoing, a holder of the Bonds or Note, may:

A. Bring suit for any unpaid principal, premium or interest then due;

B. By mandamus or other appropriate proceeding enforce all rights of the holders, including the performance by the District of its duties under the Act, this Resolution and the Bank Credit Agreement;

C. Bring suit upon the Bonds or Note;

D. By action at law or bill in equity require the District to account as if it were the Trustee of an express trust for the holders of the Bonds or Note; and

E. By action or bill in equity enjoin any acts in violation of this Resolution or of the rights of the holders of the Bonds or Note, provided however, that no remedy herein stated may be exercised by a holder of the Note in a manner

which adversely affects any remedy available to any holder of the Bonds and provided further that all rights and remedies of the holder of the Series B Bond shall be subject to those of the holder of the Series A Bond.

No remedy by the terms of this Resolution conferred upon or reserved to any holders of the Bonds, is intended to be exclusive of any other remedy, but each and every remedy shall be cumulative and shall be in addition to any other remedy given to the holders of any Bonds, hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by any holders of the Bonds shall extend to or affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 8.03. Appointment of Receiver. Any holder of a Bond may, by proper legal action, compel the performance of the duties of the District under this Resolution, any Supplemental Resolution and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If any Event of Default shall have occurred and be continuing, in addition to all other remedies or rights, any holder of the Bonds shall have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the District, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of, premium, if any, and interest, if any, on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses, and to apply such rates, rentals, fees, charges and any other Gross Revenues in conformity with the provisions of this Resolution and the Act.

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

Whenever all that is due upon the Bonds, and interest thereon, if any, and under any covenants of this Resolution for the funds and accounts hereby established, and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Net Revenues, shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the District upon the entry of an order of the court to that effect. Upon any subsequent Event of Default, any holder of the Bonds, shall have the same right to secure the further appointment of a receiver.

Such receiver, in the performance of the powers hereinabove conferred, 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 appointed at the direction 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 District and for the joint protection and benefit of the District and first the holders of the Series A Bond and second the holders of the Series B Bond. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System and the collection of rates and charges related to the services now provided by the System for the sole purpose of the protection of both the District and first the holders of the Series A Bond and second the holders of the Series B Bond, and the curing and making good of any default under the provisions of this Resolution, and the title to and ownership of the System shall remain in the District, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Section 8.04. Restoration of District and Holder of the Bonds. In case any holder of the Bonds shall have proceeded to enforce any right under this Resolution by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the claims of such

holder of the Bonds, then and in every such case the District and such holder shall be restored to their former positions and rights hereunder, and all rights and remedies of such holder of the Bonds, shall continue as if no such proceedings had been taken, subject to such adverse determination as the court in such proceedings shall have made.

ARTICLE IX

REGISTRAR; PAYING AGENT

Section 9.01. Appointment of Registrar. The Registrar and the Paying Agent of the Bonds shall be appointed by the enactment of a Supplemental Resolution hereto.

ARTICLE X

DEFEASANCE; DISCHARGE OF PLEDGE

Section 10.01. Defeasance of Series A Bond. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the holder of the Series A Bond, the principal of, premium, if any, and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then with respect to the Series A Bond only, the pledge of Net Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the District on behalf of the holder of the Series A Bond, made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds, for the payment of which either moneys in an amount which shall be sufficient, or Government Obligations the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of, premium, if any, and interest on such Series A Bond, shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. Prior to the maturity thereof, the Series A Bond shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if there shall have been deposited with the Bond Commission either moneys in an amount

which shall be sufficient, or Government Obligations the principal of and the interest on which, when due, without reinvestment, will provide moneys which, together with the moneys, if any, deposited with the Bond Commission at the same or earlier time will be sufficient, to pay when due the principal of, premium, if any, and interest, if any, due and to become due on the Series A Bond, on and prior to the maturity date thereof. Neither Government Obligations nor moneys deposited with the Bond Commission pursuant to this Section, nor principal or interest payments on any such Government Obligations, shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest, if any, on the Series A Bond; provided, that any cash received from such principal or interest payments on such Government Obligations deposited with the Bond Commission if not then needed for such purpose, to the extent practicable shall be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal of, premium, if any, and interest, if any, to become due on the Series A Bond, on and prior to the maturity dates thereof and interest earned from such reinvestments shall be paid over to the District as received by the Bond Commission or its agent, free and clear of any trust, lien or pledge.

Section 10.02. Defeasance of Series B Bond. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the respective holder of the Series B Bond, the principal of and premium, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then with respect to the Series B Bond only, the pledge of Net Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the District on behalf of the holders of the Series B Bond, made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds, for the payment of which either moneys in an amount which shall be sufficient, or Government Obligations the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and premium, if any, on such Series B Bond, shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. Prior to the maturity thereof, the Series B Bond shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if there shall have been deposited with the Bond Commission either moneys in an amount which shall

be sufficient, or Government Obligations the principal of and the interest on which, when due, without reinvestment, will provide moneys which, together with the moneys, if any, deposited with the Bond Commission at the same or earlier time will be sufficient, to pay when due the principal of and premium, if any, due and to become due on the Series B Bond, on and prior to the maturity date thereof. Neither Government Obligations nor moneys deposited with the Bond Commission pursuant to this Section, nor principal or interest payments on any such Government Obligations, shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and premium, if any, on the Series B Bond; provided, that any cash received from such principal or interest payments on such Government Obligations deposited with the Bond Commission if not then needed for such purpose, to the extent practicable shall be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal of and premium, if any, to become due on the Series B Bond, on and prior to the maturity dates thereof and interest earned from such reinvestments shall be paid over to the District as received by the Bond Commission or its agent, free and clear of any trust, lien or pledge.

Section 10.03. Defeasance of the Note. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the holder of the Note, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Bank Credit Agreement, then with respect to the Note only, this Resolution and the pledges of Grant receipts, and all covenants, agreements and other obligations of the District to the holder of the Note shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment of Resolution. No amendment or modification to this Resolution or to any Supplemental Resolution which is materially adverse to the holder of any Bond, or any Note, may be made without the prior written consents, filed with the Secretary of the Board before any such modification or amendment may be made, of the holders of sixty percent in aggregate principal amount of the Bonds, or the holder of the Note, then Outstanding. No such modification or amendment shall extend the maturity of or reduce the interest

rate on, or otherwise alter the terms of payment of the principal of, premium, if any, or interest on any Bond or the Note, without the express written consent of the holder of such Bond or Note, nor reduce the percentage of Bonds required for consent to any such modification or amendment. Notwithstanding the foregoing, this Resolution may be amended without the consent of any holders of the Bonds or the Note as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion from gross income for Federal income taxation of interest on the Bonds and the Note.

Section 11.02. Evidence of Signatures of Holders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Resolution may require or permit to be signed and executed by the holder of any Bonds, may be in one or more instruments of similar tenor, and shall be signed or executed by such holders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Resolution if made in the following manner, or in any other manner satisfactory to the District or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable.

A. The fact and date of the execution by any holder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgements of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn before such a notary public or other officer, or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, trust company or financial firm or corporation satisfactory to the District or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate holder of any Bonds may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or assistant secretary.

C. The amount of Bonds held by a person executing any instrument as a holder of any Bonds, the date of his holding such Bonds, and the numbers and other identification thereof, shall be confirmed by the Register.

Any request, consent or other instrument executed by the holder of any Bond shall bind all future holders and owners of any Bond, in respect to anything done or suffered to be done hereunder by the District or the Registrar in accordance therewith.

Section 11.03. Preservation and Inspection of Documents. To the extent allowed under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Resolution shall be retained in its possession and shall be available at all reasonable times for the inspection of the District, the holders of any Bonds, their agents and representatives, but, at the election of the Registrar, any such reports, certificates, statements or other documents may be destroyed or otherwise disposed of at any time after such date as the pledge created by this Resolution shall be discharged as provided in Article X.

Section 11.04. Cancellation of the Bonds. All Bonds purchased or paid and surrendered to the District shall be cancelled and delivered to the Registrar, or if surrendered to the Registrar, shall be cancelled by it. No such cancelled Bonds shall be deemed Outstanding under this Resolution, and no Bonds shall be issued in lieu thereof. All such Bonds shall be cancelled and upon order of the District shall be destroyed, and a certificate evidencing such destruction shall be delivered to the District.

Section 11.05. Failure To Present Bonds. Anything in this Resolution to the contrary notwithstanding, any moneys held by the Bond Commission in trust for the payment and discharge of any of the Bonds which remain unclaimed for one year after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the District be paid by the Bond Commission to the District as its absolute property and free from trust, subject to applicable law on escheat, and the Bond Commission thereupon shall be released and discharged with respect thereto, and the holders of such Bonds shall look only to the District for the payment of such Bonds; provided, however, that before making any such payment to the District, at the request of the Bond Commission the Registrar shall send to the holder by certified mail, at the address listed on the Register, a notice that such moneys remain unclaimed and that after a date stated in the notice, which date shall be not less than 30 days after the date on which such notice is mailed, the balance of such moneys then unclaimed will be returned to the District.

Section 11.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the District, the Registrar or the Depository Bank shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

A. The District:

Claywood Park Public Service District
Route 5, Box 39
Parkersburg, West Virginia 26101
Attention: Chairman of the Public Service Board; and to

B. Registrar - as shall be set out in the Supplemental Resolution

C. Depository Bank:

Commercial Banking and Trust Company
415 Market Street
Parkersburg, West Virginia 26101

D. Authority:

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Any party listed above may change the address given for it at any time upon written notice thereof sent by United States mail, postage prepaid, to the other parties.

Section 11.07. Conflicting Provisions Repealed. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are to the extent of such conflict hereby repealed.

Section 11.08. No Personal Liability. No member of the Board of the District or official or employee of either shall be individually or personally liable for the payment of the principal of, premium, if any, or interest on any Bond or Note, as the case may be, but nothing herein contained shall relieve any such member, official or employee of any duty provided by law or this Resolution.

Section 11.09. Law Applicable. The laws of the State shall govern the construction of this Resolution and all Bonds issued hereunder.

Section 11.10. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the District, the Registrar, the Paying Agent, the Bond Commission, the Depository Bank, the holders of the Bonds, the holder of the Note, and the Authority, any right, remedy or claim under or by reason of this Resolution. All the covenants, stipulations, promises and agreements contained in this Resolution by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Registrar, the Paying Agent, the Bond Commission, the Depository Bank, the holders of the Bonds and the Note, and the Authority.

Section 11.11. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Resolution.

Section 11.12. Table of Contents and Headings. The Table of Contents and headings of the articles and sections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 11.13. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 10th day of October, 1989.

CLAYWOOD PARK PUBLIC
SERVICE DISTRICT

Chairman

3402E

EXHIBIT A

[Description of the Project]

The public service properties to be constructed will consist of 8.0 miles of vacuum sewers, 11.8 miles of pressure sewers, 0.7 miles of gravity sewers and 3.0 miles of force main, one (1) vacuum station, two (2) lift stations and a treatment plant. In addition, 166 vacuum valves, 4 dual vacuum valves, and 266 grinder pumps are proposed. The properties will be located in the Parkersburg and Clay Magisterial Districts of Wood County, West Virginia.

EXHIBIT B

[FORM OF SERIES A BOND]

No. R-1 $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CLAYWOOD PARK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BOND, SERIES A

Original Issuance Date	Interest Rate	Bond Date
_____	_____	_____

Registered Owner: WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
Principal Sum: $_____

CLAYWOOD PARK PUBLIC SERVICE DISTRICT, a public service district organized and existing under the laws of the State of West Virginia (the "District"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, the Principal Sum specified above to the Registered Owner named above or registered assigns (the "Registered Owner"), in the following principal installments on _____ of each of the following years:

Year	Principal Installment	Year	Principal Installment

[TO BE INSERTED]

The District further hereby promises solely from such special funds also to pay interest on the outstanding principal balance of this Series A Bond from the Bond Date specified above at the Interest Rate per annum specified above semiannually, on the first day of _____ and the first day of _____ in each year, beginning _____.

The principal of this Series A Bond, and the premium hereon, if any, are payable in any coin or currency which, on the date of payment thereof, 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 as paying agent (the "Paying Agent"). Interest will be paid to the registered owner as of the close of business on the Record Date for such interest payment, which shall be the

fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date. Interest shall be paid by check or draft mailed to the address of such Registered Owner at the address as it appears on the books of the _____ as Registrar (the "Bond Register"), or by such other method as shall be mutually agreeable as long as the Authority is the Registered Owner hereof.

This Series A Bond is the duly authorized Series A Bond (herein referred to as the "Series A Bond") issuable under the Bond Resolution of the District, and pursuant to which this Series A Bond is issued, in the principal amount of $_____ and pursuant to which the Series B Bond in the principal amount of $_____ is issued, and is issued for the purpose of assisting the District in the permanent financing of costs of acquiring, constructing and installing sewerage collection and treatment facilities, capitalizing interest during the construction period and for six months thereafter, funding a debt service reserve account, and paying costs of issuance and other costs incidental thereto and to the financing thereof (the "Project"), located within the boundaries of Wood County, West Virginia, all under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act"), the Resolution duly enacted by the Public Service Board of the District on the _____ day of _____, 198_, as supplemented by a supplemental resolution duly enacted by the Public Service Board of the District on the _____ day of _____, 198_ (collectively, the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Resolution provides for the issuance of additional bonds under certain conditions, which 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 Series A Bond under the Resolution.

This Series A 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 upon the terms and conditions prescribed by, and otherwise in compliance with the Loan Agreement between the District and the Authority executed by the District on September 27, 1989, as supplemented and amended.

This Series A Bond is issued contemporaneously with the Sewerage System Revenue Bond Series B of the District (the "Series B Bond"), issued in the aggregate principal amount of $_____, which Series B Bond is junior and subordinate with respect to liens and sources of security for payment to the Series A Bond.

This Series A Bond and the interest thereon are payable only from and are secured by a first lien on and pledge of the Net Revenues derived from the System, all funds in the Series A Sinking Fund, established under the Resolution, and the unexpended proceeds of the Series A Bond, and the District hereby and in the Resolution pledges such Net Revenues and funds to such payment, and the Net Revenues of the System shall be set aside as a special fund hereby pledged for such purpose. Such Net Revenues shall be sufficient to pay the principal of, premium, if any, and interest on all bonds issued pursuant to the Resolution and which shall be set aside as a special fund hereby pledged for such purpose. This Series A Bond does not constitute a corporate indebtedness of the District within the meaning of any statutory or constitutional limitation, nor shall the District be obligated to pay the same or the interest hereon except from the special fund provided from the Net Revenues of the System, all moneys in the Series A Bond Reserve Account and unexpended Series A Bond proceeds. Under the Resolution, the District has covenanted and agreed to fix, establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least one hundred fifteen percent (115%) of the amount required to pay the maximum amount due in any year of principal of and interest on the Series A Bond, the Series B Bond, and all other obligations secured by or payable from such revenues prior to or on a parity with the Series A Bond or the Series B Bond, provided however, that as long as there exists in the Series A Bond Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series A Bond in the then current or any succeeding year, and in the respective reserve accounts established for the Series B Bond and any other obligations outstanding prior to or on a parity with the Series A Bond or the Series B Bond, an amount at least equal to the respective requirement therefor, such percentage may be reduced to one hundred ten percent (110%). The District has entered into certain further covenants with the Registered Owner of this Series A Bond, for the terms of which reference is made to the Resolution. Remedies provided the Registered Owner of this Series A Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof. Subject to the registration requirements set forth herein, this Bond is transferrable, as provided in the Resolution, only upon the books of _____, as registrar (the "Registrar") by the Registered Owner, or by its attorney duly authorized in writing, upon the surrender of this Series A 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.

All moneys received from the sale of the Series A Bond shall be applied solely to pay Costs of the Project as provided in the Resolution, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owner of the Series A Bond.

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

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

This Series A Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been manually signed by the Registrar.

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

IN WITNESS WHEREOF, in the manner provided in the Resolution, The District has caused this Series A Bond to be signed by _____, the Chairman of its Public Service Board, and the seal of the District to be impressed hereon and attested by the Secretary, and has caused this Series A Bond to be dated as of the Bond Date shown above.

[SEAL]

_____
Chairman Public Service Board

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the Bonds described in the within-mentioned Resolution and has been duly registered in the name set forth above on the date set forth below.

_____,
As Registrar

Date:_____ By:_____,
Its Authorized Officer

ASSIGNMENT

For value received, the undersigned Registered Owner do(es) hereby sell, assign and transfer unto _____

_____

_____
(name, address and social security number or other identifying number of assignee) the within Bond and hereby irrevocably constitute(s) and appoint(s) _____ to transfer the Bond on the books kept for registration of the within Bond with full power of substitution in the premises.

Date:_____ _____
Registered Owner

Signature Guaranteed: _____

Notice: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of this Bond in every particular, without alteration or any change whatsoever.

EXHIBIT C

[FORM OF SERIES B BOND]

No. R-1 $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CLAYWOOD PARK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BOND, SERIES B

Original Issuance Date	Interest Rate	Bond Date
_____	0.00%	_____

Registered Owner: WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
Principal Sum: $_____

CLAYWOOD PARK PUBLIC SERVICE DISTRICT, a public service district organized and existing under the laws of the State of West Virginia (the "District"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, the Principal Sum specified above without interest to the Registered Owner named above or registered assigns (the "Registered Owner"), in the following principal installments on _____ of each of the following years:

Year	Principal Maturing	Year	Principal Maturing

[TO BE INSERTED]

The principal of this Series B , and the premium hereon, if any, are payable in any coin or currency which, on the date of payment thereof, 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 as paying agent (the "Paying Agent").

This Series B Bond is the duly authorized Series B Bond (herein referred to as the "Series B Bond") issuable under the Resolution of the District, and pursuant to which this Series B Bond is issued, in the principal amount of $_____ and pursuant to which the Series A Bond in the principal amount of $_____ (the "Series A Bond") is issued, and is issued for

the purpose of assisting the District in the permanent financing of costs of acquiring, constructing and installing sewerage collection and treatment facilities, funding a debt service reserve account, and paying costs of issuance and other costs incidental thereto and to the financing thereof (the "Project"), located within the boundaries of Wood County, West Virginia. This Series B Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act"), the Resolution duly enacted by the Public Service Board of the District on the _____ day of _____, 198 , as supplemented by supplemental resolutions duly enacted by the Public Service Board of the District on the _____ day of _____, 198_, and _____ collectively (the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Resolution provides for the issuance of additional bonds under certain conditions, which 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 Series B Bond under the Resolution.

This Series B 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 upon the terms and conditions prescribed by, and otherwise in compliance with the Supplemental Loan Agreement between the District and the Authority executed by the District on September 27, 1989, as supplemental and amended.

This Series B Bond is payable only from and is secured by a second lien on and pledge of the Net Revenues derived from the System after there has first been paid from such Net Revenues all payments then due and owing on account of the Series A Bond herein described, moneys in the Series B Bond Reserve Account created under this Resolution, and the unexpended proceeds of the Series B Bond. Such Net Revenues shall be sufficient to pay the principal of, premium, if any, and interest, if any, on all bonds issued pursuant to the Resolution and which shall be set aside as a special fund hereby pledged for such purpose. This Series B Bond does not constitute a corporate indebtedness of the District within the meaning of any statutory or constitutional limitation, nor shall the District be obligated to pay the same except from the special fund provided from the Net Revenues of the System, all moneys in the Series B Bond Reserve Account and unexpended Series B Bond proceeds. Under the Resolution, the District has covenanted and agreed to fix, establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least one

hundred fifteen percent (115%) of the amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Series B Bond, the Series A Bond, and all other obligations secured by or payable from such revenues prior to or on a parity with the Series A Bond or the Series B Bond, provided however, that as long as there exists in the Series B Bond Reserve Account an amount at least equal to the maximum amount of principal which will become due on the Series B Bond in the then currrent or any succeeding year, and in the respective reserve accounts established for the Series A Bond and any other obligations outstanding prior to or on a parity with the Series A Bond or the Series B Bond, an amount at least equal to the respective requirements therefor, such percentage may be reduced to one hundred ten percent (110%). The District has entered into certain further covenants with the Registered Owners of the Series B Bond, for the terms of which reference is made to the Resolution. Remedies provided to the Registered Owners of the Series B Bond are exclusively as provided in the Resolution, to which reference is here made for a detailed description thereof. Subject to the registration requirements set forth herein, this Series B Bond is transferrable, as provided in the Resolution, only upon the books of _____ _____, as registrar (the "Registrar") by the Registered Owner, or by its attorney duly authorized in writing, upon the surrender of the Series B 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.

All moneys received from the sale of the Series B Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to pay the Costs of the Project described in the Resolution, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the Series B Bond, which lien is subordinate to the lien in favor of the Registered Owner of the Series A Bond.

THIS SERIES B BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SERIES A BOND ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ DESCRIBED IN THE RESOLUTION.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Series B Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Series B Bond, together with all other obligations of the District, does not exceed any limit prescribed by the

Constitution or statutes of the State of West Virginia, and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into the special funds by the District for the prompt payment of the principal of and premium, if any, on this Series B Bond.

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

This Series B Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been manually signed by the Registrar.

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

IN WITNESS WHEREOF, in the manner provided in the Resolution, The District has caused this Series B Bond to be signed by _____, the Chairman of its Public Service Board, and the seal of the District to be impressed hereon and attested by the Secretary, and has caused this Series B Bond to be dated as of the Bond Date shown above.

[SEAL]

_____
Chairman Public Service Board

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the Bonds described in the within-mentioned Resolution and has been duly registered in the name set forth above on the date set forth below.

_____,
As Registrar

Date:_____ By:_____,
Its Authorized Officer

ASSIGNMENT

For value received, the undersigned Registered Owner do(es) hereby sell, assign and transfer unto _____

_____

_____

(name, address and social security number or other identifying number of assignee) the within Bond and hereby irrevocably constitute(s) and appoint(s) _____ to transfer the Bond on the books kept for registration of the within Bond with full power of substitution in the premises.

Date:_____ _____
Registered Owner

Signature Guaranteed: _____

Notice: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of this Bond in every particular, without alteration or any change whatsoever.

EXHIBIT D

LOAN AGREEMENT

See Transcript Item # 9.

EXHIBIT E

SUPPLEMENTAL LOAN AGREEMENT

See Transcript Item # 10.

CLAYWOOD PARK PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM REVENUE BONDS
SERIES A AND SERIES B

FIRST SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY, INTEREST RATE, PRINCIPAL PREPAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE SEWERAGE SYSTEM REVENUE BONDS SERIES A AND SERIES B OF CLAYWOOD PARK PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING BANK INTERIM CREDIT AGREEMENT IN AN AMOUNT NOT TO EXCEED $750,000; APPROVING AND ADOPTING THE RATES AND CHARGES AS ESTABLISHED BY THE WEST VIRGINIA PUBLIC SERVICE COMMISSION IN THE ORDER GRANTING THE DISTRICT A CERTIFICATE OF CONVENIENCE AND NECESSITY; AND MAKING OTHER PROVISIONS AS TO THE SERIES A AND SERIES B BONDS.

WHEREAS, the public service board (the "Board") of Claywood Park Public Service District (the "District"), has duly and officially adopted a bond resolution, effective October 10, 1989 (the "Resolution"), entitled:

A RESOLUTION AUTHORIZING THE CONSTRUCTION AND ACQUISITION OF CERTAIN PUBLIC SERVICE PROPERTIES FOR THE COLLECTION, TREATMENT, PURIFICATION AND DISPOSAL OF LIQUID OR SOLID WASTES, SEWAGE AND INDUSTRIAL WASTES IN THE CLAYWOOD PARK PUBLIC SERVICE DISTRICT, WOOD COUNTY, WEST VIRGINIA, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF, THROUGH THE ISSUANCE BY THE CLAYWOOD PARK PUBLIC SERVICE DISTRICT OF NOT MORE THAN $3,217,202 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM REVENUE BONDS, SERIES A AND SERIES B; AUTHORIZING THE FINANCING OF CERTAIN COSTS OF SUCH CONSTRUCTION AND ACQUISITION, PENDING RECEIPT OF CERTAIN GRANT PROCEEDS, THROUGH THE ISSUANCE AND EXECUTION BY THE CLAYWOOD PARK

PUBLIC SERVICE DISTRICT OF A CREDIT LINE NOTE OF $750,000; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH SEWERAGE SYSTEM REVENUE BONDS AND SUCH SEWERAGE SYSTEM CREDIT LINE NOTE; AUTHORIZING THE SALE OF SUCH SEWERAGE SYSTEM REVENUE BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY BY SUPPLEMENTAL RESOLUTION; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Resolution provides for the issuance of the Sewerage System Revenue Bonds Series A and Series B of the District (the "Bonds"), in a principal amount not to exceed $3,217,202 and has authorized the execution and delivery of a Loan Agreement and a Supplemental Loan Agreement relating to the Bonds each executed by the District on September 27, 1989, by and between the District and West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act"); and in the Resolution it is provided that the exact principal amount, maturity date, interest rate, interest and principal prepayment schedule, sale price and other terms of the Bonds may be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds and to the Project be herein provided for;

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

WHEREAS, the Board deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the exact principal amount, the price, the maturity date, the redemption provision, the interest rate and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, that an interim credit agreement be approved with Commercial Banking & Trust Company, and that other matters relating to the Bonds and to the Project be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF CLAYWOOD PARK 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:

a. The Series A Bond designated R-1 shall be issued in the form of a single bond in typewritten form fully registered to the West Virginia Water Development Authority, in the denomination of $2,801,262.00, with interest thereon at the rate of 8.40% per annum payable semi-annually on October 1 and April 1, first interest payable on April 1, 1990, representing the aggregate principal amount of the Series A Bond issue and shall mature in principal installments on October 1 of each year as follows:

Year	Installment	Interest Rate
1991	$ 10,584.97	8.40%
1992	11,474.11	8.40%
1993	12,437.93	8.40%
1994	13,482.72	8.40%
1995	14,615.27	8.40%
1996	15,842.95	8.40%
1997	17,173.76	8.40%
1998	18,616.35	8.40%
1999	20,180.13	8.40%
2000	21,875.26	8.40%
2001	23,712.78	8.40%
2002	25,704.65	8.40%
2003	27,863.84	8.40%
2004	30,204.40	8.40%
2005	32,741.57	8.40%
2006	35,491.87	8.40%
2007	38,473.18	8.40%
2008	41,704.93	8.40%
2009	45,208.14	8.40%
2010	49,005.63	8.40%
2011	53,122.10	8.40%
2012	57,584.36	8.40%
2013	62,421.44	8.40%
2014	67,664.84	8.40%
2015	73,348.69	8.40%
2016	79,509.98	8.40%
2017	86,188.82	8.40%
2018	93,428.68	8.40%
2019	101,276.69	8.40%
2020	109,783.93	8.40%
2021	119,005.78	8.40%
2022	129,002.27	8.40%
2023	139,838.46	8.40%
2024	151,584.89	8.40%
2025	164,318.02	8.40%
2026	178,120.73	8.40%
2027	193,082.87	8.40%
2028	209,301.84	8.40%
2029	226,883.19	8.40%

b. The Series B Bond designated R-1 shall be issued in the form of single Bond in typewritten form, fully registered to the West Virginia Water Development Authority, in the denomination of $415,340.00, without interest, representing the aggregate principal amount of the Series B Bond issue, and shall mature in principal installments on October 1, of each year after date as follows:

Year	Installment
1991	10,649.88
1992	10,649.74
1993	10,649.74
1994	10,649.74
1995	10,649.74
1996	10,649.74
1997	10,649.74
1998	10,649.74
1999	10,649.74
2000	10,649.74
2001	10,649.74
2002	10,649.74
2003	10,649.74
2004	10,649.74
2005	10,649.74
2006	10,649.74
2007	10,649.74
2008	10,649.74
2009	10,649.74
2010	10,649.74
2011	10,649.74
2012	10,649.74
2013	10,649.74
2014	10,649.74
2015	10,649.74
2016	10,649.74
2017	10,649.74
2018	10,649.74
2019	10,649.74
2020	10,649.74
2021	10,649.74
2022	10,649.74
2023	10,649.74
2024	10,649.74
2025	10,649.74
2026	10,649.74
2027	10,649.74
2028	10,649.74
2029	10,649.74

Section 3. The District does hereby appoint and designate Commercial Banking & Trust Company, a state banking association, Parkersburg, West Virginia, as Registrar for the Bonds, and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the District and the Registrar in substantially the form attached hereto, and the execution and delivery by the Chairman of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the District are hereby authorized, approved and directed.

Section 4. The District does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent for the Bonds.

Section 5. The District does hereby appoint and designate Commercial Banking & Trust Company, a state banking association, Parkersburg, West Virginia, as Depository Bank under the Resolution.

Section 6. The District does hereby approve and adopt the rates and charges as established by the West Virginia Public Service Commission in the Order granting the District a Certificate of Convenience and Necessity in Case No. 88-655-S-CN.

Section 7. Series A Bond proceeds in the amount of $361,935 shall be deposited in the Bonds Capitalized Interest Fund within the Series A Sinking Fund, as capitalized interest.

Section 8. Series A Bond proceeds in the amount of $245,942 shall be deposited in the Series A Bond Reserve Account within the Series A Sinking Fund.

Section 9. Series B Bond proceeds in the amount of $10,650 shall be deposited in the Series B Bond Reserve Account within the Series B Sinking Fund.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered on or about October 10, 1989, to the Authority pursuant to the Loan Agreement and the Supplemental Loan Agreement.

Section 11. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the District and will promote the health, welfare and safety of the residents of the District.

Section 12. The District hereby determines that it is in the best interest of the District to invest all moneys in the funds and accounts established by the Resolution according to the letter of instructions of the District to be delivered at the closing (the "Letter of Instructions"), and the District hereby directs the Depository Bank and the Paying Agent to take such actions as may be necessary to cause such moneys to be invested in accordance therewith.

Section 13. The District does hereby approve and accept the interim Bank Credit Agreement by and between the District and Commercial Banking & Trust Company, dated as of October 10, 1989, a copy of which is attached hereto as Exhibit A. The officers of the District are hereby authorized and empowered to execute the same on behalf of the District.

Section 14. The District hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the District heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, including, but not limited to, any borrowings incurred for the purpose of paying engineering or design costs.

Section 15. This Supplemental Resolution shall be effective immediately upon adoption.

Adopted this 10th day of October, 1989.

CLAYWOOD PARK PUBLIC SERVICE DISTRICT

By: Charles A. Townsend
Charles A. Townsend, Chairman

3701E

EXHIBIT A

BANK CREDIT AGREEMENT

See Transcript Item # 29

WEST VIRGINIA
Water Development Authority
Celebrating 34 Years of Service ***1974 - 2008***

October 27, 2008

Claywood Park Public Service District
Sewer Revenue Bonds, Series 2008 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2008 B
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon a certificate of Bassett & Lowe, independent certified public accountants, and an opinion of Steptoe & Johnson PLLC, as bond counsel, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative for the West Virginia Water Development Authority, the present holder of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund) (collectively, the "Series 2008 Bonds"), in the respective principal amounts of $5,500,000 and $1,500,000, by Claywood Park Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2008 Bonds on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's (i) Sewer Revenue Bonds, Series 1989 A (West Virginia Water Development Authority), dated October 10, 1989, issued in the original aggregate principal amount of $2,801,862 (the "Series 1989 A Bonds"); and (ii) Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated January 4, 2001, issued in the original aggregate principal amount of $1,800,000 (the "Series 2001 Bonds") (hereinafter collectively, the "First Lien Bonds") and senior and prior to the Issuer's Sewer Revenue Bonds, Series 1989 B (West Virginia Water Development Authority), dated October 10, 1989, issued in the original aggregate principal amount of $415,340 (the "Series 1989 B Bonds" and collectively with the First Lien Bonds, the "Prior Bonds").

Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wvwda.org

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **October 27, 2008**

Re: **Claywood Park Public Service District, Sewer Revenue Bonds, Series 2008 A (West Virginia SRF Program), Sewer Revenue Bonds, Series 2008 B (West Virginia Infrastructure Fund)**

---

1. DISBURSEMENTS TO THE CLAYWOOD PARK PUBLIC SERVICE DISTRICT

Payor:	West Virginia Department of Environmental Protection
Source:	Series 2008 A Bonds Proceeds
Amount:	$ 275,000
Form:	Wire
Payee:	Claywood Park Public Service District
ABA #:	051500562
Account #:	0312567541
Bank:	WesBanco
Contact:	Joe Campbell 304.480.2500
Account:	Series 2008 A Bonds Construction Trust Fund

Payor:	West Virginia Infrastructure Fund
Source:	Series 2008 A Bonds Proceeds
Amount:	$ 684,303
Form:	Wire
Payee:	Claywood Park Public Service District
ABA #:	051500562
Account #:	0312567541
Bank:	WesBanco
Contact:	Joe Campbell 304.480.2500
Account:	Series 2008 B Bonds Construction Trust Fund

Rev. 10/01/04

PAYMENT REQUISITION FORM

1. LOAN RECIPIENT/VENDOR:

NAME: Claywood Park Public Service District

ADDRESS P. O. Box 127

Parkersburg, WV 26102

TELEPHO (304) 422-6042

FEIN: 55-0465310

2. SRF PROJECT C-544063

3. INVOICE NUMBER: 1

4. PERIOD COVERED BY THIS REQUEST:

FROM: (MO/DAY/YR) TO (MO/DAY/YR)

10-17-08 10/27/2008

PERCENTAGE OF PHYSICAL CONSTRUCTION COMPLETION 0%

	CLASSIFICATION	A) APPROVED BUDGET	B) PREVIOUS APPROVED TOTALS	C) THIS REQUEST	D) TOTAL COLUMNS (B & C)	AGENCY USE ONLY
1)	CONSTRUCTION	5,268,950	0	275,000	275,000	275,000
	a. Equipment	0	0	0	0	
2)	TECHNICAL SVC a. Basic	0	0	0	0	
	b. Engineering (other)	0	0	0	0	
	c. Inspection	0	0	0	0	
3)	LEGAL/FISCAL	0	0	0	0	
4)	ADMINISTRATIVE	0	0	0	0	
5)	OFFICE EXP	0	0	0	0	
6)	R-O-W ACTIVITY	0	0	0	0	
7)	LOAN REPAYMENT	0	0	0	0	
8)	CONTINGENCY	231,050	0	0	0	
9)	INT FINANCE COST	0	0	0	0	
10)	RESERVE FUND	0	0	0	0	
11)	CLOSING COST	0	0	0	0	
12)	SUBTOTAL	5,500,000	0	275,000	275,000	275,000
13)	LESS PREVIOUSLY PAID					0
14)	INVOICE AMOUNT					275,000

15) RECIPIENT AUTHORIZED SIGNATURE:
DATE: 10/17/08

Michael Miller , Chairman
TYPED OR PRINTED NAME AND TITLE

16) Manning Frymier
PERSON PREPARING FORM SIGNATURE
DATE: 10/16/2008

Manning H. Frymier, PE
TYPED OR PRINTED NAME AND TITLE

AGENCY USE ONLY

THIS REQUEST APPROVED BY: WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

PROJECT REVIEWER — DATE 10/21/08

AUTHORIZED OFFICER — DATE 10/21/08

ACCOUNTING CLASSIFICATION - DEP USE ONLY

ACCOUNTING NUMBER:
350-1 083
350-2

AMOUNT APPROVED: 275,000

State of West Virginia

WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

BOND CLOSING ATTENDANCE LIST

Date **October 27, 2008** Time **9:30 am** LGA **Claywood Park PSD** Program **DEP/IF**

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Stephanie Lee	Jackson Kelly PLLC	340 1318	340 1272	slyee@jacksonkelly.com
Rose Brodersen	WV DEP	926 0499 x1608	926 0496	Rosalie.M.Brodersen@wv.gov
John Stump	Steptoe & Johnson PLLC	353.8196	353.8181	john.stump@steptoe-johnson.com
Ryan White	Jackson Kelly	340-1283	340-1272	srwhite@jacksonkelly.com
Barbara B Meadows	Water Development Authority	558-3612 x103	558-0299	bmeadows@wvwda.org

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Todd Grinstead Telephone 304.422.6042 E-Mail todd@woodpsd.org

Address P.O. Box 127 Parkersburg, WV 26102

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.

Claywood Park Public Service District
Sewer Project

Requisition No. 1 October 27, 2008

	Payee	IJDC LOAN/GRANT	SRF LOAN	Total
1.	Bowles Rice McDavid Graff & Love P. O. Box 49 Parkersburg, WV 26102-0049	$32,500.00	$0.00	$32,500.00
2.	Steptoe & Johnson P. O. Box 1588 Charleston, WV 25326-1588	24,500.00	0.00	24,500.00
3.	Steptoe & Johnson P. O. Box 1588 Charleston, WV 25326-1588	7,500.00	0.00	7,500.00
4.	WesBanco Bank - Parkersburg 415 Market Street Parkersburg, WV 26101	526,710.09	0.00	526,710.09
5.	Cerrone Associates, Inc. 401 Main Street Wheeling, WV 26003	39,000.00	0.00	39,000.00
6.	Cerrone Associates, Inc. 401 Main Street Wheeling, WV 26003	15,000.00	0.00	15,000.00
7.	Cerrone Associates, Inc. 401 Main Street Wheeling, WV 26003	23,500.00	0.00	23,500.00
8.	Bassett & Lowe 1156 S. Main Street Milton, WV 25541	400.00	0.00	400.00
9.	Professional Service Industries, Inc. P. O. Box 71168 Chicago, IL 60694-1168	7,900.00	0.00	7,900.00
10.	Claywood Park Public Service District P.O. Box 127 Parkersburg, WV 26102	6,292.39	0.00	6,292.39
11.	Huntington Bank 900 Lee Street Charleston, WV 25301	1,000.00	0.00	1,000.00
12.	Adjustment *	0.00	275,000.00	275,000.00
	Total This Request	$684,302.48	$275,000.00	$959,302.48
	Prior Requests	0.00	0.00	0.00
	Total Requested To Date	$684,302.48	$275,000.00	$959,302.48

* Adjustment reflects construction costs required to be drawn down on Requisition No. 1, before they were incurred.

Recommended for payment: **Cerrone Associates, Inc.**

By: _____ Date: 10/08/08

RESOLUTION OF THE CLAYWOOD PARK PUBLIC SERVICE DISTRICT

WHEREAS, the Claywood Park Public Service District has reviewed the attached invoices relating to the the proposed sewer construction project and finds as follows:

a) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement heretofore made;
b) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
c) That each of such costs has been otherwise properly incurred; and
d) That payment for each of the items proposed is then due and owing.

NOW, THEREFORE, BE IT RESOLVED by the Claywood Park Public Service District that the payment of the attached invoices, as summarized above, is hereby authorized and directed.

Adopted by the Claywood Park Public Service District at a meeting held on the 21 day of October, 2008.

Edna F. Simmons

SWEEP RESOLUTION

Claywood Park Public Service District

WHEREAS, Claywood Park Public Service District (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes or will make monthly debt service payments on and transfers reserve funds for the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer, thereby eliminating delay in payments and lost checks;

WHEREAS, the Issuer finds and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic funds transfer with the State Treasurer sweeping the Issuer's account.

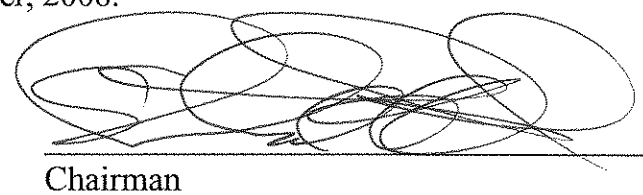
NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1) The monthly debt service payments on and reserve funds for the Bonds, as set forth in Exhibit A, shall be made to the MBC by an electronic transfer by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.

2) The Chairman, Secretary and Treasurer are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.

3) This resolution shall be effective immediately upon adoption.

Adopted this 21st day of October, 2008.



Chairman