Phase I Sewer Project

COWEN PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A (United States Department of Agriculture)

BOND TRANSCRIPT

Closing Date: March 1, 2013

Table of Contents

BASIC DOCUMENTS

1. Bond Resolution
2. USDA Letter of Conditions, with all Amendments
3. Public Service Commission Orders
4. Receipt for Bonds
5. Specimen Series 2013 A Bonds
6. Registration Book for Series 2013 A Bonds

OPINIONS OF COUNSEL

7. Approving Opinion on Series 2013 A Bonds of Steptoe & Johnson PLLC, Bond Counsel
8. A. Opinion of Counsel to Issuer
   B. Special PSC Counsel
9. Title Opinions

CERTIFICATES

10. Combined Certificate on Series 2013 A Bonds of Issuer and Attorney
11. Certificate of Engineer
12. Certificate of Certified Public Accountant

DOCUMENTS OF THE ISSUER

13. County Commission Orders on Creation of District
14. County Commission Orders of Appointment of Current Board Members
15. Oaths of Office of Current Board Members
16. Rules of Procedure
17. Affidavit of Publication of Notice of Filing
18. Minutes of Current Year Organizational Meeting
19. Minutes on Adoption of Bond Resolution
20. Municipal Bond Commission New Issue Report

MISCELLANEOUS DOCUMENTS

21. Bureau for Public Health Permit
22. United States Department of Agriculture Loan Resolution
23. United States Department of Agriculture Grant Agreement
24. Approval of WV Infrastructure & Jobs Development Council
25. Infrastructure Fund Grant Agreement
26. Evidence of U.S. Army Corps of Engineers Grant
27. Receipt of Depository Bank
28. Sewer Use Resolution
29. Closing Memorandum and First Draw Resolution
30. Consent of WDA
31. Consent of USDA
32. Prior Bond Resolutions
    A. Series 2004 A & Series 2004 B
    B. Series 1994
    C. Series 1978

Phase I Sewer Project

COWEN PUBLIC SERVICE DISTRICT

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 A (UNITED STATES DEPARTMENT OF AGRICULTURE)

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 ISSUE OF BONDS

Section 3.01	Authorization of Bonds
Section 3.02	Description of Bonds
Section 3.03	Negotiability, Registration, Transfer and Exchange of Bonds
Section 3.04	Bond Registrar
Section 3.05	Execution of Bonds
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.07	Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds
Section 3.08	Form of Bonds
	FORM OF BOND

ARTICLE IV
SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01	Establishment of Funds and Accounts with Depository Bank
Section 4.02	Bond Proceeds; Project Construction Account
Section 4.03	Covenants of the Issuer as to System Revenues and Funds

ARTICLE V
GENERAL COVENANTS, ETC.

Section 5.01	General Statement
Section 5.02	Rates
Section 5.03	Sale of the System
Section 5.04	Issuance of Additional Parity Bonds or Obligations
Section 5.05	Insurance and Bonds
Section 5.06	Statutory Mortgage Lien
Section 5.07	Events of Default
Section 5.08	Enforcement
Section 5.09	Fiscal Year; Budget
Section 5.10	Compensation of Members of Governing Body
Section 5.11	Covenant to Proceed and Complete
Section 5.12	Books and Records; Audits
Section 5.13	Maintenance of System
Section 5.14	No Competition

ARTICLE VI
RATES, ETC.

Section 6.01	Initial Schedule of Rates and Charges; Rules

ARTICLE VII
MISCELLANEOUS

Section 7.01	Payment of Bonds
Section 7.02	Modification or Amendment
Section 7.03	Delivery of Bonds
Section 7.04	Severability of Invalid Provisions
Section 7.05	Conflicting Provisions Repealed
Section 7.06	Table of Contents and Headings
Section 7.07	Covenant of Due Procedure, Etc.
Section 7.08	Effective Time
	SIGNATURES
	CERTIFICATION

Phase I Sewer Project

COWEN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE SEWER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE FACILITIES OF COWEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,270,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF COWEN 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 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. Cowen Public Service District (the "Issuer") is a public service district, a public corporation and political subdivision of the State of West Virginia in Webster County of said State, duly created pursuant to the Act by the County Commission of Webster County.

B. The Issuer currently owns and operates a public combined waterworks and sewerage system. However, it is deemed necessary and desirable for the health, safety, advantage, convenience, and welfare of the inhabitants of the Issuer that there be acquired, constructed, and maintained certain improvements and extensions to the sewer portion of the existing combined waterworks and sewerage facilities consisting of upgrades to the wastewater treatment plant and all necessary appurtenances (the "Project"), (the existing public combined waterworks and sewerage facilities of the Issuer, the Project and any further extensions or improvements 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 United States Department of Agriculture (the "Purchaser") pursuant to the Act.

D. 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 Operating Expenses of the System, the principal of and interest on the Bonds and the Prior Bonds (as hereinafter defined) and payments into all funds and accounts and other payments provided for herein.

E. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds in the total aggregate principal amount of not more than $1,270,000 in one or more series, being the Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A (United States Department of Agriculture), (the "Series 2013 A Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The estimated maximum cost of the acquisition and construction of the Project is $7,192,000. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2013 A Bonds; engineering, fiscal agents 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 expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for Costs of the Project by the Issuer shall be deemed Costs of the Project.

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

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2013 A Bonds as to liens, pledge, source of and security for payment, being the (i) Combined Water and Sewer Revenue Bonds, Series 1978 (United States Department of Agriculture), dated May 23, 1980, issued in the original aggregate principal amount of $150,000 (the "Series 1978 Bonds"); (ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), dated April 6, 1994, issued in the original aggregate principal amount of $268,500 (the "Series 1994 Bonds"); (iii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia DWTRF Program), dated December 29, 2004, issued in the original aggregate principal amount of $400,000 (the "Series 2004 A Bonds"); and (iv) Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), dated December 29, 2004, issued in the original aggregate principal amount of $800,000 (the "Series 2004 B Bonds"), (collectively, the "Prior Bonds").

Other than the Prior Bonds, there are no Outstanding bonds or obligations which will rank prior to, on a parity with or junior to the Series 2013 A Bonds as to liens, pledge and/or source of and security for payment.

The Issuer is not in default under the terms of the Prior Bonds, or the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with

all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

Prior to the issuance of the Series 2013 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests for the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2013 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other Outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. It is in the best interest of the Issuer that the Series 2013 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated April 12, 2010, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of 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 Series 2013 A Bonds, or will have so complied prior to issuance of the Series 2013 A Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by Final Order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2013 A Bonds by 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 Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and 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 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"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 Issuer, the Bank or other entity to be designated as such in this Resolution or the Supplemental Resolution and its successors and assigns.

"Bonds" means, collectively, the Series 2013 A Bonds, and, where appropriate, 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 2013 A Bonds for all or a portion of the proceeds of the Series 2013 A Bonds from the Purchaser.

"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 Pentree, Inc., Princeton, 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 1.02E hereof to be a part of the cost of acquisition and construction of the Project.

"Depository Bank" means First Community Bank, Summersville, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Facilities" or "waterworks and sewerage facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefore, hereafter at any time constructed or acquired.

"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.

"Grants" means, collectively, all grant monies received by the Issuer 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.

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated April 12, 2010, providing for the purchase of the Series 2013 A Bonds from the Issuer by the Purchaser, and any and all amendments thereto.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the forgoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principals and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that, all monthly amortization payments upon the Bonds and the Prior Bonds and into the Reserve Accounts, the Renewal and Replacement Fund and the other funds and accounts established by Article IV hereof have been made to the last monthly payment date prior to the date of such retention.

"Outstanding," when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond or Prior Bonds canceled by the Bond Registrar or Registrar, at or prior to said date; (ii) any Bond or Prior Bonds 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 or Prior Bonds deemed to have been paid as provided in Article VII hereof; and (iv) for purposes of consents or

other action by a specified percentage of Bondholders or Holders of the Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 5.04 hereof.

"Prior Bonds" means collectively, the Series 1978 Bonds, the Series 1994 Bonds, the Series 2004 A Bonds and the Series 2004 B Bonds.

"Prior Resolutions" means, the resolutions of the Issuer, as supplemented, authorizing the Prior Bonds.

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

"Purchaser" or "Government" means the United States Department of Agriculture, Rural Utilities Service, and any successor thereof acting for and on behalf of the United States of America, which is expected to be the original purchaser and Registered Owner of the Series 2013 A Bonds.

"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, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment 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 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 or Bonds, the person in whose name such Bond is registered.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Resolutions and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2013 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts.

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

"RUS Bonds" means the Series 1978 Bonds.

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

"Series 1978 Bonds" means the Combined Water and Sewer Revenue Bonds, Series 1978 (United States Department of Agriculture), dated May 23, 1980, issued in the original aggregate principal amount of $150,000.

"Series 1994 Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), dated April 6, 1994, issued in the original aggregate principal amount of $268,500.

"Series 2004 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia DWTRF Program), dated December 29, 2004, issued in the original aggregate principal amount of $400,000.

"Series 2004 B Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), dated December 29, 2004, issued in the original aggregate principal amount of $800,000.

"Series 2013 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"Series 2013 A Bonds Project Construction Account" means the Series 2013 A Bonds Construction Trust Fund established by Section 4.01 hereof.

"Series 2013 A Bonds Reserve Account" means the Series 2013 A Bonds Reserve Account established by Section 4.02 hereof.

"Series 2013 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2013 A Bonds in the then current or any succeeding year.

"State" means the State of West Virginia.

"System" means the complete existing waterworks and sewerage system of the Issuer and all waterworks and sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks and sewerage system; and shall include the Project and any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the waterworks and sewerage system from any sources whatsoever, both within and without the 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. 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; and any requirement for execution or attestation of the bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $7,192,000, 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 Bonds hereby authorized shall be applied as provided in Article IV 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 Purchaser.

The estimated maximum cost of the acquisition and construction of the Project is $7,192,000 of which $1,270,000 will be obtained from the proceeds of sale of the Series 2013 A Bonds herein authorized; $3,560,000 will be obtained from grants from the Purchaser; $1,500,000 will be obtained from a U.S. Army Corps of Engineers Grant; and $862,000 will be obtained from an Infrastructure Fund grant.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2013 A Bonds of the Issuer, to be known as "Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A (United States Department of Agriculture)", are hereby authorized to be issued in the aggregate principal amount of $1,270,000, for the purpose of financing the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2013 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2013 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 1.875% per annum, and shall be sold for the par value thereof. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $3,899, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond.

The Series 2013 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the respective Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2013 A Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2013 A Bonds, and the right to

principal of and stated interest on the Series 2013 A Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2013 A Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2013 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2013 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2013 A Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Series 2013 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2013 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2013 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2013 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2013 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2013 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2013 A Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2013 A Bonds shall cease to be such officer of the Issuer before the Series 2013 A 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. The Series 2013 A 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 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2013 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and

substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the Holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2013 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2013 A Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all Series 2013 A Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2013 A 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 3.08. Form of Bonds. Subject to the provisions hereof, the text of the Series 2013 A Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2013 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COWEN PUBLIC SERVICE DISTRICT
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BOND, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$_____

No. AR-1 Date: _____, 2013

FOR VALUE RECEIVED, COWEN PUBLIC SERVICE DISTRICT (the "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ ($_____), plus interest on the unpaid principal balance at the rate of _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing _ _____, 20 and continuing on the corresponding day of each month for the first 24 months after the date hereof, and monthly installments of $_____, covering principal and interest, beginning _____, 20___, except that the final installment shall be paid on _____ _____, 20___ (40 years from the date of this Bond), in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the Holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the Holder promptly

or, except for final payment, be retained by the Government and remitted to the Holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the Holder. The effective date of any prepayment retained and remitted by the Government to the Holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the Holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the Holder.

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and Outstanding for the purpose of (i) providing funds for financing costs of acquisition and construction of improvements and extensions to the existing public waterworks and sewerage system (the "System") of the Borrower; and (ii) paying costs of issuance of the Bonds of this Series (the "Bonds") and related costs, is payable solely from the net revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Resolution. This Bond does not in any manner constitute an indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted on _____, 2013, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for

similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmer and Rural Development Act of 1965. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

(1) COMBINED WATER AND SEWER REVENUE BONDS, SERIES 1978 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 23, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $150,000 (THE "SERIES 1978 BONDS");

(2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 6, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $268,500 (THE "SERIES 1994 BONDS");

(3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 29, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $400,000 (THE "SERIES 2004 A BONDS"); AND

(4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 29, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $800,000 (THE "SERIES 2004 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

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

[Remainder of Page Intentionally Blank]

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

COWEN PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

_____
Chairman, Public Service Board
P.O. Box 457
Cowen, West Virginia 26206

ATTEST:

_____
Secretary, Public Service Board

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 $_____

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to _____ 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 Borrower with full power of substitution in the premises.

Dated: _____,20____.

_____

In presence of:

_____

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. A. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created (or continued as previously established by Prior Resolutions) 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 (established by Prior Resolutions);

(2) Prior Bonds Reserve Account (established by Prior Resolutions);

(3) Renewal and Replacement Fund (established by Prior Resolutions); and

(4) Series 2013 A Bonds Project Construction Account.

B. Establishment of Funds and Accounts with Commission. The following special funds or accounts are created (or continued as previously established by Prior Resolutions) with and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission and from each other:

(1) Series 1994 Bonds Sinking Fund (established by Prior Resolutions);

(2) Series 1994 Bonds Reserve Account (established by Prior Resolutions);

(3) Series 2004 A Bonds Sinking Fund (established by Prior Resolutions);

(4) Series 2004 A Bonds Reserve Account (established by Prior Resolutions);

(5) Series 2004 B Bonds Sinking Fund (established by Prior Resolutions);

(6) Series 2004 B Bonds Reserve Account (established by Prior Resolutions); and

(7) Series 2013 A Bonds Reserve Account.

Section 4.02 Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2013 A Bonds shall be deposited upon receipt by the Issuer in the Series 2013 A Bonds Project Construction Account. The monies in the Series 2013 A Bonds Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Series 2013 A Bonds Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2013 A Bonds Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Series 2013 A Bonds Project Construction Account and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installments on the Series 2013 A Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Series 2013 A Bonds Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2013 A Bonds Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Series 2013 A Bonds shall be Outstanding and unpaid, or until there shall have been set apart in the Series 2013 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2013 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2013 A Bonds as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Resolutions.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, subject to the provisions of the Prior Resolutions not otherwise modified herein:

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

(2) The Issuer shall next, each month, on or before the due date thereof, transfer from the Revenue Fund and simultaneously remit (i) to the National Finance Office the amounts required by the Prior Resolutions to pay the interest on the Series 1978 Bonds; (ii) on the first day of each month to the Commission, for deposit in the Series 1994 Bonds Sinking Fund and the Series 2004 B Bonds Sinking Fund, the amounts required by the Prior Resolutions to pay interest on the Series 1994 Bonds and the Series 2004 B Bonds; and (iii) the National Finance Office the amounts required to pay interest on the Series 2013 A Bonds.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and (i) on or before the due date thereof, simultaneously remit to the National

Finance Office the amounts required by the Prior Resolutions to pay the principal of the Series 1978 Bonds; (ii) on the first day of each month to the Commission for deposit in the respective sinking funds, the amounts required by the Prior Resolutions to pay the principal of the Series 1994 Bonds, the Series 2004 A Bonds and the Series 2004 B Bonds; and (iii) on or before the due date thereof, remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2013 A Bonds, the amount required to amortize the principal of the Series 2013 A Bonds over the life of the bond issue.

(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 amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Prior Bonds; and (ii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission, for deposit in the Series 2013 A Bonds Reserve Account, an amount equal to 10% of the monthly payment amount, until the amount in the Series 2013 A Bonds Reserve Account equals the Series 2013 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2013 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 2013 A 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, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in Qualified Investments. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Accounts (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.

Whenever the money in the Series 2013 A Bonds Reserve Account shall be sufficient to prepay the Series 2013 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2013 A Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2013 A Bonds Reserve Account. All amounts required for the Series 2013 A Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from

the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund shall constitute a Trust Fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2013 A Bonds and the interest thereon, on a parity with the Prior Bonds.

The Series 2013 A Bonds Reserve Account shall constitute a trust fund and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2013 A Bonds and the interest thereon.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2013 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

Subject to the Prior Resolutions, the Commission shall keep the monies in the Series 2013 A Bonds Reserve Account invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Treasury Investments. 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Series 2013 A Bonds Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually by the Commission to the Issuer and deposited in the Revenue Fund.

C. CHANGE OF DEPOSITORY BANK. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2013 A Bonds, provide evidence that there will be at least 588 bona fide users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Depository Bank and the Commission such additional sums as shall be necessary to pay the charges and fees of the Depository Bank or the Commission then due.

F. INVESTMENT OF EXCESS BALANCES. The monies in excess of the sum insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State of West Virginia.

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

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

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2013 A Bonds shall be Outstanding and unpaid, or until there shall have been set apart in the Series 2013 A Bonds Reserve Account, sums sufficient to prepay the entire principal of the Series 2013 A Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2013 A Bonds.

Section 5.02. Rates. Prior to the issuance of the Series 2013 A 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 2013 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 A Bonds, including the Prior Bonds; provided that, amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2013 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2013 A 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 2013

A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2013 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 6.01 hereof.

Section 5.03. 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 Resolutions. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2013 A Bonds are Outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional Parity Bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser. No Parity Bonds shall be issued after issuance of the Series 2013 A Bonds unless the provisions contained in the Prior Resolutions respecting issuance of Parity Bonds have been satisfied.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2013 A 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.

So long as the Series 2013 A Bonds or the RUS Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds 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 foregoing limitation may be waived or modified by the written consent of the Holders of the Series 2013 A Bonds and the RUS Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2013 A Bonds and the RUS Bonds are no longer Outstanding, the following parity requirement shall be met:

So long as the Series 1994 Bonds, Series 2004 A Bonds, or Series 2004 B Bonds are Outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues 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, 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 2013 A 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 2013 A 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 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2013 A Bonds remain Outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $1,000,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $500,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2013 A Bonds.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $1,000,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $500,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in such amount as may be requested by the Purchaser from time to time.

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2013 A Bonds are Outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2013 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the Prior Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2013 A Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) Failure to make payment of any monthly amortization installment upon the Series 2013 A Bonds at the date specified for payment thereof;

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2013 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law; and

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

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct; provided that, all rights and remedies of the Holders of the Prior Bonds shall be on a parity with the Series 2013 A Bonds.

Section 5.09. Fiscal Year; Budget. While the Series 2013 A Bonds are Outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2013 A Bonds are Outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules.

A. The initial schedule of rates and charges for the sewerage portion of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Recommended Decision of the Public Service Commission of West Virginia entered March 19, 2012 and Corrective order dated March 30, 2012 in Case No. 11-1621-PSD-CN and are incorporated herein by reference as a part hereof.

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

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

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

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

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2013 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 2013 A Bonds, 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 Owner of the Series 2013 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2013 A Bonds, the Issuer may not defease the Series 2013 A Bonds or otherwise provide for payment thereof by escrow or like manner.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.03. Delivery of Bonds. The Chairman and Secretary of the Governing Body are hereby authorized and directed to cause the Series 2013 A Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2013 A Bonds.

Section 7.05. Conflicting Provisions Repealed. The Prior Resolutions and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the Prior Resolutions.

All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47); and 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 or any portion thereof are Outstanding.

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. 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 7.08. Effective Date. This Resolution shall take effect immediately upon its adoption.

[Remainder of Page Intentionally Blank]

Adopted this 27th day of February, 2013.

COWEN PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of COWEN PUBLIC SERVICE DISTRICT on February 27, 2013.

Dated: March 1, 2013.

[SEAL]

Secretary

193040.00005

5869605

Steptoe & Johnson
Attn: John Stump

USDA Rural Development

United States Department of Agriculture
Rural Development
West Virginia State Office

February 27, 2013

COPY

Mr. James L. Gamble, Chairman
Cowen Public Service District
P.O. Box 457
Cowen, WV 26206

RE: Amendment No. 1 to Letter of Conditions
Upper Glade Phase I Sewer Project

Dear Mr. Gamble:

This letter, with Attachment No. 1 amends the USDA Rural Development, Rural Utilities Service (RUS) Letter of Conditions dated April 12, 2010, and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The RUS loan and grants will be administered by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan of $1,270,000, an RUS grant of $1,000,000, and additional RUS grant of $2,560,000, an Army Corps of Engineers grant of $1,500,000, and a West Virginia Infrastructure and Jobs Development Council (WVIJDC) grant of $862,000, for a total project cost of $7,192,000. The purpose of this amended Letter of Conditions is to officially document the changes that have occurred in the project funding package since the original RUS Letter of Conditions was issued.

Subject to the requirements noted herein, all of the conditions of the April 12, 2010, Letter of Conditions remain in effect and must be satisfied prior to loan and grant closing. Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

Attached please find the following:

Attachment No. 1 - Project Construction Budget (All Copies)

Federal Building • 75 High Street • Suite 320 • Morgantown, WV 26505-7500
Phone: (304) 284-4860 OR 1-800-295-8228 • Fax: (304) 284-4893 • TDD: (304) 284-4836
Web: http://www.rurdev.usda.gov/wv

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202) 720-6382 (TDD).

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan and grant closing within the six-month period and it is determined that the Public Service District still wishes to proceed, it will be necessary for the proposed budget be reviewed again in detail. If, during that review, it is determined that the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely,

BOBBY LEWIS
State Director

Attachment:

cc: Area Specialist
Elkins, WV

Steptoe & Johnson, PLLC
Attention: John Stump, Esquire
P. O. Box 1588
Charleston, WV 25326

Steptoe & Johnson, PLLC
Attention: Randy Light, Esquire
400 White Oaks Blvd.
Bridgeport, WV 26330

Pentree, Inc.
Attention: John Tuggle, P.E.
P.O. Box 1309
Princeton, WV 24740

Imre David Pentek, CPA
P.O. Box 1390
Lewisburg, WV 24901

Region IV Planning &
Development Council
Attention: Alice King
885 Broad Street
Summersville, WV 26651

West Virginia Infrastructure &
Jobs Development Council
Attention: Jim Ellars
Executive Director
1009 Bullitt Street
Charleston, WV 25301

U.S. Army Corps of Engineers
502 Eighth Street
Huntington, WV 25701

Attachment No.1 to Amendment No. 1 to the Letter of Conditions
For: Cowen PSD - Upper Glade Phase I Sewer Project
Date: February 27, 2013

Project Construction Budget
Cowen Public Service District
Upper Glade Phase I Sewer Project

PROJECT COST	RUS LOAN	RUS GRANT	ADDITIONAL RUS GRANT	ARMY CORPS GRANT	IJDC GRANT	TOTAL
CONSTRUCTION	$ 887,573.30	$ 879,926.70	$ 2,149,000.00	$ 1,075,000.00	$ 758,500.00	$ 5,750,000.00
CONSTRUCTION CONTINGENCY	$ 75,000.00	$ 50,000.00	$ 128,000.00	$ -	$ 34,500.00	$ 287,500.00
LAND & RIGHTS	$ 15,000.00	$ -	$ -	$ -	$ -	$ 15,000.00
LEGAL FEES (Local & PSC)	$ 20,000.00	$ -	$ 3,000.00	$ -	$ -	$ 23,000.00
BOND COUNSEL	$ 20,000.00	$ -	$ -	$ -	$ -	$ 20,000.00
ACCOUNTING	$ 6,110.00	$ -	$ -	$ -	$ -	$ 6,110.00
ENGINEERING FEES	$ 140,000.00	$ 46,750.10	$ 260,000.00	$ 371,249.90	$ -	$ 818,000.00
Study Phase - $15,000						
Basic - $490,000						
Inspection - $245,000						
Additional Services - $68,000						
INTEREST - (2 Yrs. @ 1.875%)	$ 47,000.00	$ -	$ -	$ -	$ -	$ 47,000.00
ADMINISTRATION (Region 4)	$ -	$ -	$ -	$ -	$ 69,000.00	$ 69,000.00
ADMINISTRATION (Army Corps)	$ -	$ -	$ -	$ 49,800.00	$ -	$ 49,800.00
ADMIN. MATCH (Army Corps)	$ 49,800.00	$ -	$ -	$ -	$ -	$ 49,800.00
ENVIRONMENTAL REVIEW FEES	$ 1,316.70	$ -	$ -	$ 3,950.10	$ -	$ 5,266.80
PERMITS	$ 5,000.00	$ -	$ -	$ -	$ -	$ 5,000.00
PROJECT CONTINGENCY	$ 3,200.00	$ 23,323.20	$ 20,000.00	$ -	$ -	$ 46,523.20
TOTAL	$ 1,270,000.00	$ 1,000,000.00	$ 2,560,000.00	$ 1,500,000.00	$ 862,000.00	$ 7,192,000.00

Engineer
20-0960

USDA Rural Development

United States Department of Agriculture
Rural Development
West Virginia State Office

April 12, 2010

James L. Gamble, Chairman
Cowen Public Service District
P.O. Box 457
Cowen, WV 26206

COPY

Dear Mr. Gamble:

This letter, with Attachments 1 through 10 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RD loan in the amount of $1,270,000, an RD grant in the amount of $3,560,000, and other funding in the amount of $1,500,000 for a total project cost of $6,330,000. The other funding is planned in the form of a grant from the U.S. Army Corps of Engineers.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. All parties may access our web-site located at www.usda.gov/rus/water/ for the following:

a. RUS Instruction 1780
b. RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance"
c. RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"

d. RUS Bulletin 1780-31, "Water Programs Compliance Supplement For OMB Circular A-133 Audits"

The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

Attachment No. 1 – Project Construction Budget (All Copies)
Attachment No. 2 – Water and Waste Processing Checklist (All Copies)
Attachment No. 3 – RUS Supplemental General Conditions (Engineer Copy)
Attachment No. 4 - "Government Auditing Standards" (Revised July 2007), (Accountant Copy) – This may be accessed at www.gao.gov/govaud/ybk01.htm.
Attachment No. 5 – Form RD 1927-9, "Preliminary Title Opinion" (Attorney Copy)
Attachment No. 6 – Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way" (Attorney Copy)
Attachment No. 7 – Form RD 1927-10, "Final Title Opinion" (Attorney Copy)
Attachment No. 8 – Sample Credit Agreement (Applicant Copy)
Attachment No. 9 – Various other RD forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. Fund Usage – Funds obligated under the terms of this letter of conditions are committed on the basis that your project will proceed to the construction stage in an expedient manner. In accordance with RUS Staff Instruction 1782-1, Section 1782.20(u)(5), any funds not disbursed within 60 months from the date of obligation will be de-obligated and returned to the Department of Treasury for further disposition to other RUS project applicants. In the event that USDA determines that your project has not progressed within the five (5) year timeline and that funds will be recaptured, you will be given appeal rights and due process to document reasons why you believe the decision to de-obligate your project funds is not justified.

2. Loan Repayment – The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 2.5% interest rate and a monthly amortization factor of .00340, which provides for a monthly payment of $4,318. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan. You will be required to establish this debt service reserve account with the West Virginia Municipal Bond

Commission. We also recommend that, as a part of this financing, you move any existing debt service reserve accounts to the Municipal Bond Commission as well. Your bond counsel will be able to assist you with this.

You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RD loan, in whole or in part, upon the request of RD if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods or time.

3. Security – The loan must be secured by a statutory lien of shared first priority, a pledge of the system's revenues and other agreements between you and RD as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.

4. Users – This conditional commitment is based upon you providing evidence that there will be at least 588 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of a certification from you that identifies and attests to the number of users that are actually connected to the PSD's existing sewer system which is to be partially replaced by the new system, at the time you request authorization to advertise the project for construction bids.

   Before RD can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and currently using the system.

5. Bond Counsel Services – The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.

6. Engineering Services – It will be necessary for you to obtain the services of an engineer. EJCDC No. 510-FA, "Standard Form of Agreement between Owner and Engineer for Professional Services" (2002 Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RD.

7. Legal Services – It will be necessary for you to obtain the services of a local attorney. For your convenience "RUS Legal Services Agreement" is enclosed for your use.

8. Accounting Services – It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:

    a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).

    b. Prior to loan/grant closing, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

    The Accountant's Agreement should be submitted to RD for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RD concurrence is obtained.

    Appropriate state statutes place certain audit requirements on your PSD. Please see the attached booklet, "Government Auditing Standards" (Revised July 2007) (Attachment No. 4). Further requirements for the submission of management reports and audits can be found in RUS Instruction 1780, RUS Bulletin 1780-30, and RUS Bulletin 1780-31, which are all available online at www.usda.gov/rus/water/, or upon request from the RD Area Office.

    You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends $500,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

9. Facility Control – Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:

    a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.

b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the PSD already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.

c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.

d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.

e. On the day of loan closing, the PSD's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the PSD has already acquired real property(s) (land or facilities), the PSD's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

10. Permits – Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

-West Virginia Department of Highways
-Railroads
-State Department of Health
-Department of Environmental Protection
-Corps of Engineers
-Public Land Corporation

11. Public Service Commission Approvals – You must obtain the following from the West Virginia Public Service Commission:

    a. A Certificate of Convenience and Necessity.

    b. Approval of user charges that are acceptable to you and USDA- Rural Development.

    c. Approval of financing for the project's proposed financing arrangements.

    The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

12. Insurance and Bonding Requirements – Prior to loan closing or start of construction, whichever occurs first, you must acquire the types of insurance and bond coverage shown below. The use of deductibles may be allowed providing you have the financial resources to cover potential claims requiring payment of the deductible. RD strongly recommends that you have your engineer, attorney, and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of RD to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.

    a. General Liability Insurance – This should include vehicular coverage.

    b. Workers' Compensation – In accordance with appropriate State laws.

    c. Position Fidelity Bond(s) – All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. During the construction phase of your project, this maximum amount will be much greater than normal; therefore, it is our recommendation that you temporarily increase your coverage to $300,000 (the estimated highest monthly construction drawdown). Once construction is complete, you may decrease the amount of your coverage. Please note that the cost of the temporary increase in coverage is an eligible project cost.

The minimum coverage acceptable to RD once your project is in operation will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).

d. National Flood Insurance – In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:

   i. If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
   ii. Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.

e. Real Property Insurance – Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

13. Environmental Requirements –

a. Mitigation – At the conclusion of the proposal's environmental review process, specific actions were negotiated with environmental regulatory officials to avoid or minimize adverse environmental impacts. The following list of action(s) are required for successful completion of the project and must be adhered to during project design and construction:

   1) Floodplains – The site of the existing wastewater treatment plant facilities and the site of the proposed new additions to the treatment plant are located in flood zone AE, which is within the 100-year floodplain based on the FEMA Flood Insurance Rate May (FIRM) Number 540101C0141C dated February 16, 1990. The PSD and the project engineer have determined that it is not feasible to choose another site for the proposed improvements, therefore all above-ground structures will be elevated so that finished area with plant controls and monitoring equipment that could be subject to flood damage, will be elevated above the 100-year flood elevation, and other prudent Best Management Practices (BMP's) for building in floodplain areas will be employed. The project engineer and the PSD will seek direction from the appropriate federal, state, and local,

floodplain officials and they will comply with all floodplain ordinances and statutes that apply to the proposed site. It is not anticipated that flood insurance will be required at this time, but if for some reason, at the end of the project, there are above-ground facilities located in the 100-year floodplain that have not been properly elevated above the base flood elevation, the PSD will purchase and maintain adequate flood insurance coverage for those facilities for as long as the USDA-Rural Development loan remains outstanding.

2) Wetlands – A wetland delineation and Jurisdictional Determination Request (JD) was prepared for the project area by AllStar Ecology, LLC and issued December 1, 2009. A copy of this report is included in Appendix D of the Environmental Report. According to the report, potential impacts to wetland resources may occur during the proposed project. Final design and placement of plant structures will ultimately determine the actual amount of wetland disturbance. The delineation report and JD Request have been submitted to the U.S. Army Corps of Engineers (USACOE), Huntington District, for consultation and review. The PSD and their consultants will work with the USACOE to determine the actual project impacts. Based upon the final jurisdictional determination and proposed impacts, the PSD will apply for appropriate permits from the USACOE and from the West Virginia Department of Environmental Protection (WVDEP). The PSD will then implement the mitigation measures required to comply with the permits and with any other requirements as prescribed by the appropriate regulatory agencies.

b. Project Modifications – The project as proposed has been evaluated to be consistent with all applicable environmental requirements. If the project or any project element deviates from or is modified from the original approved project, additional environmental review may be required.

14. Vulnerability Assessments (VA) and Emergency Response Plans (ERP) –

Congress enacted the Public Health Security and Bioterrorism Preparedness Response Act of 2002, Public Law 107-188 (Bioterrorism Act). The Bioterrorism Act amended the Safe Drinking Water (SDWA) to require all medium and large sized community water systems (serving populations greater than 3,300) to assess vulnerability to terrorist attack and develop emergency plans for response to such an attack. Medium and large community water systems are being monitored by the U.S. EPA for completion of VA's and ERP's.

Rural Development requires all financed water and wastewater systems to have a vulnerability assessment (VA) and an emergency response plan (ERP) in place.

New water or wastewater systems must provide a certification that an ERP is complete prior to the start of operations. A certification that a VA is complete must be submitted within one year of the start of operations. All other borrowers must provide a certification that a VA and ERP are complete prior to bid authorization.

RD does not need or want a copy of the VA or ERP. The requested certification will be sufficient to meet our needs. Technical assistance providers are available to provide you with on site assistance if desired.

15. Civil Rights & Equal Opportunity – You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

    Section 504 of the Rehabilitation Act of 1973 – Under section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving RD financial assistance.

    Civil Rights Act of 1964 – All borrowers are subject to, and facilities must be operated in accordance with, title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and subpart E of part 1901 of this title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this title.

    The Americans with Disabilities Act (ADA) of 1990 – This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by State and local public entities which provides services, programs and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities which accommodate the public.

    Age Discrimination Act of 1975 – This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

    RD financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

16. Contract Documents, Final Plans and Specifications –

a. The contract documents should consist of the following:

(1) EJCDC Document No. C-521, 2002 Edition, "Suggested Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. C-710, 2002 Edition, "Standard General Conditions of the Construction Contract – Funding Agency Edition" and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.

(2) "RUS Supplemental General Conditions."

RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance (September 10, 2003 Version)," is available online or from the RD Area Office upon request.

b. The contract documents must provide, as a minimum, the following insurance:

(1) Liability Insurance – Personal Liability - $500,000; Property Damage - $200,000 - $200,000. This coverage must include indemnification of the PSD and its engineer. EJCDC Document C-710, "Standard General Conditions of the Construction Contract" (Funding Agency Edition) and Exhibit G to RUS Bulletin 1780-26, "Supplementary Conditions" both suggest certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.

(2) Builder's Risk Insurance – On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.

(3) Workers' Compensation – In accordance with applicable State laws.

c. The contract documents and final plans and specifications must be submitted to RD for approval.

d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

17. State Prevailing Wage Law - You should ensure that all requirements of Article 5A of the West Virginia State Prevailing Wage Law, "Wages for Construction of Public Improvements" are met during construction of the project.

18. Interim Financing – Interim financing will be used for the RD loan if it is available at reasonable rates and terms. You must provide RD with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RD review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No. 9).

19. Disbursement of Funds – The RD funds will be advanced as they are needed in the amount(s) necessary to cover the RD proportionate share of any disbursements required of your PSD, over 30 day periods. Funds will be disbursed by electronic transfer of funds.

    Any RD grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account except as follows:

    a. Federal grant awards (includes all federal funding sources) are less than $120,000 per year.

    b. The best available interest bearing account would not be expected to earn in excess of the following:

       Public Bodies
       Interest earned on grant funds in excess of $100 per year will be submitted to RD at least quarterly as required in 7 CFR 3016.

    c. The depository would require a minimum balance so high that it would not be feasible.

    The PSD will establish a separate fund, to be known and hereafter referred to as the Construction Account, with a lending institution insured by the Federal Deposit Corporation. The account shall be used solely for the purpose of paying the costs of the project as outlined in the construction budget. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account. All deposits in excess of $100,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

The PSD must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RD.

20. Other Project Funds – Prior to advertisement for construction bids, you must provide evidence showing the approval of any other project funds. This evidence should include a copy of the funding award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the other project funds are available for expenditure. This evidence should consist of at least a letter from the funding agency stating the funds are available for expenditure.

21. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

    Form RD 1940-1 – "Request for Obligation of Funds"
    RUS Bulletin 1780-12 – "Water or Waste System Grant Agreement"
    RUS Bulletin 1780-27 – "Loan Resolution (Public Bodies)"
    Form RD 400-1 – "Equal Opportunity Agreement"
    Form RD 400-4 – "Assurance Agreement"
    Form AD 1047 – "Certification Regarding Debarment – Primary"
    Form AD 1049 – "Certification Regarding Drug-Free Workplace"
    Form RD 1910-11 – "Applicant Certification, Federal Collection Policies"
    RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
    Standard Form LLL – "Disclosure of Lobbying Activities" (If Applicable)
    Certification of Compliance
    Form RD 1942-46, "Letter of Intent to Meet Conditions"

22. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA – Rural Development State Office with a request for loan closing instructions to be issued.

23. Upon receipt of the loan and grant docket, which contains all the items required above, RD may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RD with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed.

When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RD project funds will be considered to be RD grant funds and refunded to RD. If the amount of unused RD project funds exceeds the RD grant, that part would be RD loan funds.

If the conditions set forth in this letter are not met within twelve (12) months from the date hereof, RD reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the twelve-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RD reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,

BOBBY LEWIS
State Director

Enclosures

cc: Craig Burns, Area Director, Elkins
ATTN: Joe Crickenberger, Area Specialist

Pentree Inc.
ATTN: Daniel R. Shorts, P.E.
P.O. Box 1309
Princeton, WV 24740

Howard J. Blyler, Attorney at Law
P.O. Box 217
Cowen, WV 26206

Imre David Pentek, CPA
P.O. Box 1390
Lewisburg, WV 24901

U.S. Army Corps of Engineers
ATTN: Ken Woodard, P.E., PMP
502 Eighth Street
Huntington, WV 25701

Region IV Planning and
Development Council
ATTN: Alice King
885 Broad Street, Suite 100
Summersville, WV 26651

Attachment No.1 to the Letter of Conditions
For: Cowen PSD - Phase I Sewer Project
Date: April 12, 2010

PSC $6,000

Project Construction Budget
Cowen Public Service District
Phase I Sewer Project

PROJECT COST	RUS LOAN	RUS GRANT	ADDITIONAL RUS GRANT	ARMY CORPS GRANT	TOTAL
CONSTRUCTION	$ 806,000	$ 709,690	$ 2,078,000	$ 1,250,000	$ 4,843,690
CONSTRUCTION CONTINGENCY	$ 100,000	$ 100,000	$ 180,000	$ -	$ 380,000
LAND & RIGHTS	$ 15,000	$ -	$ -	$ -	$ 15,000
LEGAL FEES	$ 8,000	$ -	$ 2,000	$ -	$ 10,000
BOND COUNSEL	$ 20,000	$ -	$ -	$ -	$ 20,000
ACCOUNTING	$ 6,000	$ -	$ -	$ -	$ 6,000
ENGINEERING FEES	$ 140,000	$ 168,000	$ 260,000	$ 250,000	$ 818,000
Study Phase - $15,000					
Basic - $490,000					
Inspection - $245,000					
Additional Services - $68,000					
INTEREST - (2 Yrs.)	$ 60,000	$ -	$ -	$ -	$ 60,000
ADMINISTRATION	$ 70,000	$ -	$ -	$ -	$ 70,000
PERMITS	$ 5,000	$ -	$ -	$ -	$ 5,000
PROJECT CONTINGENCY	$ 40,000	$ 22,310	$ 40,000	$ -	$ 102,310
TOTAL	**$ 1,270,000**	**$ 1,000,000**	**$ 2,560,000**	**$ 1,500,000**	**$ 6,330,000**

15,000 letter work.

Attachment No. 1 to the Letter of Conditions
For: Cowen PSD – Phase I Sewer Project
Date: April 12, 2010

COWEN PUBLIC SERVICE DISTRICT
PROPOSED TARIFF

SCHEDULE I

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial, and industrial service.

RATES (Customers with metered water supply)

First	2,000 gallons used per month	$11.23 per 1,000 gallons
Next	10,000 gallons used per month	$10.83 per 1,000 gallons
Next	12,000 gallons used per month	$10.37 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than $22.46 per month, which is the equivalent of 2,000 gallons.

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 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 $300.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

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 the bank due to insufficient funds.

Attachment No. 1 to the Letter of Conditions
For: Cowen PSD – Phase I Sewer Project
Date: April 12, 2010

COWEN PUBLIC SERVICE DISTRICT
PROPOSED TARIFF

SCHEDULE I, (Continued)

LEAK ADJUSTMENT

$0.60 per 1,000 gallons is to be used when the bill reflects unusual water consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average.

SECURITY DEPOSIT

A deposit of $50.00 or 2/12ths of the average annual usage of the applicant's specific customer class, whichever is greater.

Attachment No. 1 to the Letter of Conditions
For: Cowen PSD – Phase I Sewer Project
Date: April 12, 2010

COWEN PUBLIC SERVICE DISTRICT
PROPOSED TARIFF

SCHEDULE II

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE DISTRICT'S SANITARY SYSTEM

APPLICABILITY

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

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

S	=	the surcharge in dollars
A	=	the area under roof 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 District shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or 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 the condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

Attachment No. 1 to the Letter of Conditions
For: Cowen PSD - Phase I Sewer Project
Date: April 12, 2010

COWEN PSD PHASE I SEWER PROJECT
OPERATING BUDGET - PROPOSED RATES

OPERATING INCOME				
Metered Sales	$	347,236		
Penalties	$	8,395		
Misc. Revenues	$	736		
TOTAL OPERATING INCOME				$ 356,367
NON OPERATING INCOME				
Interest & Dividend Income	$	250		
TOTAL NON OPERATING INCOME				$ 250
TOTAL INCOME				$ 356,617
EXPENSES				
O & M	$	252,798		
Taxes	$	10,656		
TOTAL EXPENSES				$ 263,454
INCOME AVAILABLE FOR D/S (A)				$ 93,163
DEBT SERVICE				
1994 SRF Existing Bond P & I	$	17,902		
Existing First Community Bank Loans	$	-	(Pay off in 2012 & 2013)	
Existing 1980 RUS Bond P & I	$	8,700		
Proposed RUS Bond P & I	$	51,816	(38 yrs @ 2.375%)	
TOTAL DEBT SERVICE (B)				$ 78,418
RESERVES				
R&R Reserve - 2.5% of Gross Revenues	$	8,915		
Proposed RUS Debt Service Reserve	$	5,182		
TOTAL ANNUAL RESERVES				$ 14,097
SURPLUS (DEFICIT)				$ 648
DEBT COVERAGE (A/B)				$ 1.19

Based on an RUS loan of $1,270,000 @ 2.50% for 38 years, an RUS grant of $1,000,000, an additional RUS Grant of $2,560,000 and an Army Corps grant of $1,500,000

Attachment No. 1 to the Letter of Conditions
For: Cowen PSD - Phase I Sewer Project
Date: April 12, 2010

COWEN PSD - PHASE I SEWER PROJECT
USE AND INCOME ANALYSIS
EXISTING SYSTEM -- PROPOSED RATES

Category	No. of Customers	1,000's of Gals./Mo.	2, 000 Gallon Minimum Bills	First 2,000	Next 10,000	Over 12,000	TOTAL REVENUE
0 - 2,000	212	227.575	212				
2,001 - 12,000	364	1,542.692		728.000	814.692		
Over 12,00	12	701.208		24.000	120.000	557.208	
Monthly Total	588	2,471.475	212	752.000	934.692	557.208	
Proposed Rates			$ 22.46	$ 11.23	$ 10.83	$ 10.37	
Monthly Revenues			$ 4,761.52	$ 8,444.96	$ 10,122.71	$ 5,778.25	**$ 29,107.44**
Annual Revenues			$ 57,138.24	$ 101,339.52	$ 121,472.52	$69,339.00	**$ 349,289.28**

Projected Annual Revenue (Rounded) = $ 349,289.00

Adjustment Factor to Produce the Revenue Projected on the draft Rule 42 = 0.994122346

Projected Adjusted Annual Revenue (Rounded) = $ 347,236.00

4,500 Gallon Rate = $ 49.54

Attachment No. 2 to Letter of Conditions
For: Cowen Public Service District (Phase I Sewer)
Date: April 12, 2010

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE
Water and Waste Processing Checklist

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		Have	3
	DUNS Number	1		Applicant		Have	3
	CAIVRS Number	1		RUS		Have	CPAP Form
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant		Have	3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant		Have	3
	Bond Ordn. or Resol. On Outstanding Debts	1	1780.33(e)	Applicant/ Attorney		Have	5
	Bonds or Notes Outstanding Debt	1	1780.33(e)	Applicant/ Attorney		Have	2
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant		Have	1
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		Have	1
EJCDC No. E-510-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer		Have	6

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
RUS Legal Services Agreement	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney		Have	5
	Site Visit		S.I. 1780-2	RUS			3
	Processing Conference	1	1780.39(a)	RUS		Have	3
	Environmental Report	2	1794	Applicant		Have	3
Exhibit H S.I. 1794-1	Categorical Exclusion	2	1794	RUS		Have	3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		Have	6
	Staff Engineer PER Review	1	1780.33(c)	RUS			3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer		Have	8
	Projected Bill Analysis for New Users	2	1780.33(c)	Applicant/ Engineer		Have	8
	Statement reporting the total number of potential users		1780.33(c)	Applicant/ Engineer		Have	8
	Rate Tariff	2	1780.33	Applicant		Have	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		Have	3
	Agency Determination on the Availability of "Other Credit" with Documentation	1	1780.7(d)	RUS		Have	3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Documentation on Service Area	1	1780.11	RUS		Have	3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		Have	1
	Letter of Conditions	7	1780.41 (a)(5)	RUS			3
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant			5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant			2
CPAP Form	Project Information	2	1780.41(a)	RUS		Have	1
CPAP Form	Underwriting Information	2	1780.33(h)	RUS		Have	3
RD 1940-1	Request for Obligation of Funds	2	1780.41(a)	RUS/ Applicant			2
Bulletin 1780-12	Association Water or Sewer System Grant Agreement	2	1780.45(c)	RUS/ Applicant			2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant			3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant			5
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS			3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
RD 1910-11	Applicant Certification, Federal Collection Policies	1	1780.33(h)	Applicant			3
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant			5
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant			6
RD 400-4	Assurance Agreement	1	1901-E	Applicant			3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant			5
	Sewer Users Agreement or State Health Dept. Mandatory Hook-Up Commitment Ltr.	1	1780.39 (c)(3)	Applicant			5
	Evidence of Users:						
	Certification Relative to Existing Users	1	LOC	Applicant			5
	Verification of Users	1	1780.44(b)	RUS			3
	Accountant's Certification	1	LOC	Applicant/ Accountant			3
	RUS Review of Accounting Records	1	S.I. 1780-4 (1)(ii)	RUS			3
	Copy of PSC Rule 42 Exhibit	1	State	Attorney/ Accountant			3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
Lender Agreement/ Bulletin 1780-10/ 1780-10a	Interim Financing Documentation	1	1780.39(d)	Applicant/ RUS			1
	DOH Permit	1	1780.15(d)	Applicant			6
	Railroad Permit	1	1780.15(d)	Applicant			6
	Public Land Corp. Permit	1	1780.15(d)	Applicant			6
	Corps of Engineers Permit	1	1780.15(d)	Applicant			6
	Dept. of Health Approval	1	1780.15(d)	Engineer			6
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File
	Agency Determination on Procurement	1	1780.70(d)	RUS			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
	Waiver of Title Defects Letter	1	1780.44(g)	RUS			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RUS/ Attorney			3
	Operation and Maintenance Agreement	1	1780.39 (b)(4)	Applicant			5
	Evidence of "Other Funds"	1	1780.44(f)	Applicant			2
	Evidence of Applicant Contribution	1	1780.44(f)	Applicant			2
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2
RD 442-10	Appraisal Report	1	1780.44(g)	RUS			8
	Documenta-tion Relative to Health or Sanitary Hazards	1	1780.1 (c)(1) 1780.13 (b)(1)	RUS/State Health Department			2
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			6
(Existing borrowers)	Certifications on VA and ERP	1		Applicant			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7
	Flood Insurance Policy	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7
1924-16	Record of Pre-Construction Conference	1	1780.76(a)	RUS/ Engineer			6
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RUS			5

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
(304) 353-8196 – Telephone
(304) 353-8180 – Facsimile
John.stump@steptoe-johnson.com

January 30, 2013

01:13 PM JAN 30 2013 PSC EXEC SEC DIV

Via Hand Delivery

Sandra Squire, *Executive Secretary*
Public Service Commission of West Virginia
201 Brooks Street
Charleston, West Virginia 25323

Case No.: 11-1621-PSD-CN

COWEN PUBLIC SERVICE DISTRICT
A public utility, Webster County.

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

Dear Ms. Squire:

Enclosed herein for filing on behalf of the Cowen Public Service District, please find an affidavit by the District's certified public accountant.

Please file the enclosed affidavit and distribute the additional copies to the appropriate parties at the Commission. Additionally, I ask that you date stamp the file copy provided and return it with our messenger. Thank you in advance for your attention to this matter, and should you have any questions please contact me at (304) 353-8196.

Best Regards,

John C. Stump
(W. V. State Bar No. 6385)

Enclosures

01:13 PM JAN 30 2013 PSC EXEC SEC DIV

Imre David Pentek, CPA

P.O. Box 1390 Lewisburg, WV 24901
Office: (304) 647-3949 E-Mail: ipentek@wildblue.net

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

Case No.: 11-1621-PSD-CN
COWEN PUBLIC SERVICE DISTRICT
A public utility, Webster County.
Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing sewerage system, and for approval of the financing thereof.

STATE OF WEST VIRGINIA
COUNTY OF WEBSTER, TO-WIT:

AFFIDAVIT

I, Imre Pentek, 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. 11-1621-PSD-CN dated March 19, 2012 and Commission Corrective Order dated March 30, 2012 approving funding consisting of: (i) a United States Army Corps of Engineers Grant in the amount of $1,500,000; (ii) a United States Department of Agriculture Rural Utilities Service Loan in the amount of $1,270,000 with terms of 2.5% interest for a period of 40 years; (iii) a United States Department of Agriculture Rural Utilities Service Grant in the amount of $2,560,000; (iv) a United States Department of Agriculture Rural Utilities Service Grant in the amount of $1,000,000; and (v) a West Virginia Infrastructure and Jobs Development Council Grant in the amount of $862,000.

Based upon all the information that has been provided to me, to date, I am of the opinion that the rates and charges (a) are not affected by the revised funding consisting of: (i) a United States Army Corps of Engineers Grant in the amount of $1,500,000; (ii) a United States Department of Agriculture Rural Utilities Service Loan in the amount of $1,270,000 with terms of 1.875% interest for a period of 40 years; (iii) a United States Department of Agriculture Rural Utilities Service Grant in the amount of $2,560,000; (iv) a United States Department of Agriculture Rural Utilities Service Grant in the amount of $1,000,000; and (v) a West Virginia Infrastructure and Jobs Development Council Grant in the amount of $862,000; and (b) 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 28 day of January, 2013.

Imre Pentek, CPA

Taken, subscribed and sworn to before me this 28 day of January 2013.

My commission expires March 4, 2018.

Notary Public

[SEAL]

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
Dana S. Cecil
PO Box 1213
Lewisburg, WV 24901
My Commission Expires March 4, 2018

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: March 30, 2012

CASE NO. 11-1621-PSD-CN

COWEN PUBLIC SERVICE DISTRICT,
a public utility, Cowen, Webster County.
Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing sewerage system, and for approval of the financing thereof.

CORRECTIVE ORDER

INTRODUCTION

This Order corrects the misstatement of the amount of the West Virginia Infrastructure and Jobs Development Council Grant committed to the project financing.

PROCEDURE

On March 19, 2012, a Recommended Decision was entered in this case approving the certificate application filed by the Cowen Public Service District on November 3, 2011.

By telephone call and also by formal motion filed by the District on March 28, 2012, the Commission was advised that the amount of the West Virginia Infrastructure and Jobs Development Council Grant was misstated in the Recommended Decision as being $682,000 instead of the $862,000 that is committed to the project. The District requested that the Commission issue a Corrective Order correcting Finding of Fact No.1 and the second ordering paragraph of the Decision to reflect that the amount of the West Virginia Infrastructure and Jobs Development Council Grant committed to the project is $862,000.

DISCUSSION

In addition to the places stated by the District, the Administrative Law Judge notes that the amount of the West Virginia Infrastructure and Jobs Development Council Grant committed to the project has been misstated in the first paragraph in the procedural history of the Recommended Decision. Accordingly, it is also appropriate to correct that misstatement as well.

ORDER

IT IS, THEREFORE, ORDERED that the first paragraph of the procedural history and Finding of Fact No. 1 of the Recommended Decision issued on March 19, 2012, is hereby modified to state the correct amount of the West Virginia Infrastructure and Jobs Development Council Grant committed to the project as being $862,000, rather than $682,000.

IT IS FURTHER ORDERED that the second ordering paragraph of the March 19, 2012 Recommended Decision is modified to read as follows:

> IT IS FURTHER ORDERED that the financing for the project, consisting of a United States Army Corps of Engineers Grant in the amount of $1,500,000; a United States Department of Agriculture Rural Utilities Services Loan in the amount of $1,270,000 with terms of 2.5% interest for a period of 40 years; a United States Department of Agriculture Rural Utilities Services Rural Utilities Services Grant in the amount of $2,560,000; a United States Department of Agriculture Rural Utilities Services Grant in the amount of $1,000,000; and a West Virginia Infrastructure and Jobs Development Council Grant in the amount of $862,000, be, and it hereby is, approved.

IT IS FURTHER ORDERED that, in all other respects, the March 19, 2012 Recommended Decision remains in full force and effect.

IT IS FURTHER ORDERED that the Executive Secretary's Office serve a copy of this order upon all parties by electronic service, if they have filed an e-service agreement with the Commission; by United States Certified Mail, return receipt requested, if they have not filed an e-service agreement with the Commission; and upon Commission Staff by hand delivery.

Meyishi Pearl Blair

Meyishi Pearl Blair
Administrative Law Judge

MPB:s:ksf
111621aa.doc

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

4/8/2012

Entered: March 19, 2012

CASE NO. 11-1621-PSD-CN

COWEN PUBLIC SERVICE DISTRICT,
a public utility, Cowen, Webster County.
Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing sewerage system, and for approval of the financing thereof.

RECOMMENDED DECISION

INTRODUCTION

This Recommended Decision grants the certificate application, subject to the conditions recommended by Commission Staff, in order for the District to construct facilities to replace the existing 0.205 MGD oxidation ditch wastewater treatment facility with a 0.5 MGD sequential batch reactor treatment plant.

PROCEDURE

On November 3, 2011, Cowen Public Service District (District), a public utility, with operations in Cowen and vicinity, Webster County, West Virginia, filed a verified certificate application to construct certain additions and improvements to its existing sewerage system at an estimated cost of $7,192,000 to be funded by a United States Army Corps of Engineers Grant in the amount of $1,500,000; a United States Department of Agriculture Rural Utilities Services Loan in the amount of $1,270,000 with terms of 2.5% interest for a period of 40 years; a United States Department of Agriculture Rural Utilities Services Grant in the amount of $2,560,000; a United States Department of Agriculture Rural Utilities Services Grant in the amount of $1,000,000; and a West Virginia Infrastructure and Jobs Development Council Grant in the amount of $682,000. The District anticipates a 44% increase in rates and charges as a result of the project. The District has no resale customers.

By Commission Order entered on November 3, 2011, the Cowen Public Service District was ordered to provide notice of its certificate application by publication of the Notice of Filing as a Class I legal advertisement in a qualified newspaper, published and of general circulation, in each of the counties where the District provides service, and to complete the mailing of

separate notices to each of its customers, making due return to the Commission of its affidavit(s) and proper certification that the notice was provided.

On November 15, 2011, the Commission entered an Order referring the matter to the Division of Administrative Law Judges with a decision due date of March 19, 2012, if no substantial protest was filed, and a decision due date of April 16, 2012, if substantial protest was filed in response to the publication of the Notice of Filing and individual notice provided to the District's customers.

On December 7, 2011, Commission Staff filed an Initial Joint Staff Memorandum advising the Commission as to the deficiencies in the District's Rule 42 exhibit filed with the certificate application.

On December 19, 2011, the District filed a revised Rule 42 exhibit for consideration by the Commission.

On December 28, 2011, the District filed an Affidavit of Publication confirming publication of the Notice of Filing of its certificate application as a Class I legal advertisement in the Webster Echo, a qualified newspaper, published and of general circulation in Webster County, West Virginia, on December 21, 2011. Also on December 28, 2011, the District filed an affidavit of mailing stating that it mailed individual notice of the certificate application and the rate increase sought therein to each of its customers on or around November 15, 2011, as a billing insert. In response to the public and individual notice provided to the District's customers, only one protest letter was filed. That individual voiced strong opposition to the proposed rate increase.

On February 1, 2012, Commission Staff filed its Final Joint Staff Memorandum recommending approval of the certificate application along with a 41.6% increase in rates and charges.

On February 13, 2012, Cowen Public Service District filed a response to the Final Joint Staff Memorandum stating that it has no objections to any of the Staff recommendations.

DISCUSSION

If the proposed project is approved, the District will replace its existing 0.205 MGD oxidation ditch wastewater treatment plant with a 0.5 MGD sequential batch reactor (SBR) treatment plant. Construction items include a triplex influent pump station; a new headworks pretreatment system; two (2) SBR basins with equipment; a post-equalization basin; an aerobic digester/sludge holding tank; a new blower building with five (5) blowers; post-equalization and digester; a new sludge belt press with building; a new ultraviolet disinfection system; a new washwater system; and the conversion of the existing oxidation ditch to an equalization basin.

The need for the project was confirmed by the District's engineering report. The receiving stream for the current treatment plant is a small tributary of the Gauley River. The

existing treatment facility has not been able to meet the limits of the NPDES permit issued for the facility by the West Virginia Department of Environmental Protection (WVDEP). Additionally, the District owns and operates a treatment pond for the Ceasar 4-H Camp. This system has also incurred WVDEP discharge violations. The plants experience excessive inflow and infiltration, low dissolved oxygen levels and inadequate wasting of sludge. On July 29, 2005, the WVDEP issued a Notice of Violation for the Cowen sewer treatment plants for failing to meet final effluent permit limitations, noting several specific deficiencies. The plants continue to have difficulties with low dissolved oxygen levels, excessive inflow and infiltration, and operational difficulties with the sludge drying beds. The project will allow the District to take the treatment pond out of service and pump the sewage to the new proposed SBR treatment plant. With the increased capacity of the new treatment plant, the District will be able to extend service to the Upper Glade area of its service territory in a future project.

As a result of the project, operation and maintenance expenses are expected to increase by $52,157 due primarily to increases in power, fuel, maintenance and regulatory expense associated with the new treatment plant. Commission Staff deems this estimated level of increase in expenses to be reasonable.

The West Virginia State Office of Environmental Health Services issued Permit No. 18,812 for the project on May 16, 2011, confirming that agency's approval of the proposed construction. The other necessary permits for the project have been issued. Staff's review of the project's plans and specifications did not reveal any conflicts with the Commission's rules and regulations.

The project is estimated to cost $7,192,000. The financing for the project includes a USDA-RUS Loan in the amount of $1,270,000 with terms of 2.5% interest and a 40-year payback period; USDA-RUS Grants in the amount of $3,560,000; a USACE Grant in the amount of $1,500,000; and a WVIJDC Grant in the amount of $862,000. All financial commitment letters have been filed and are a part of the record in this case.

After investigation and review, Staff recommends an increase in rates and charges of 41.6%, rather than the 44.1% proposed by the District. If Staff's rate recommendation is adopted, the District will have a cash surplus of $8,814 with debt service coverage of 119.26%. Under Staff's recommended rates, the average monthly bill for residential customers using 4,033 gallons will increase from $31.61 to $44.76, an increase of $13.15 or 41.6%. All of the District's customers are classified as residential. The District's bond ordinance requires 115% debt service coverage.

The District does not object to Staff's recommendation in this case.

FINDINGS OF FACT

1. On November 3, 2011, the Cowen Public Service District filed a verified certificate application to construct certain additions and improvements to its existing sewerage system at an estimated cost of $7,192,000 to be funded by a United States Army Corps of Engineers Grant

in the amount of $1,500,000; a United States Department of Agriculture Rural Utilities Services Loan in the amount of $1,270,000 with terms of 2.5% interest for a period of 40 years; a United States Department of Agriculture Rural Utilities Services Grant in the amount of $2,560,000; a United States Department of Agriculture Rural Utilities Services Grant in the amount of $1,000,000; and a West Virginia Infrastructure and Jobs Development Council Grant in the amount of $682,000. The District anticipates a 44% increase in rates and charges as a result of the project. The District has no resale customers. (See, verified certificate application filed by the Cowen Public Service District on November 3, 2011).

2. The need for the project was confirmed by the District's engineering report. The District's existing treatment facility has not been able to meet the limits of its permit issued for the facility by the West Virginia Department of Environmental Protection. Additionally, the project, once constructed, will allow the District to extend service to the Upper Glade area of its service territory, in a future project, and will also allow the District to take another non-compliant treatment pond out of service and pump the sewage to the new proposed SBR treatment plant. (See, Final Joint Staff Memorandum filed on February 1, 2012).

3. The West Virginia State Office of Environmental Health Services issued Permit No. 18,812 for the project on May 16, 2011, confirming that agency's approval of the proposed construction. The other necessary permits for the project have been issued. Staff's review of the project's plans and specifications did not reveal any conflicts with the Commission's rules and regulations. (See, Final Joint Staff Memorandum filed on February 1, 2012).

4. As a result of the project, operation and maintenance expenses are expected to increase by $52,157 due primarily to increases in power, fuel, maintenance and regulatory expense associated with the new treatment plant. Commission Staff deems this estimated level of increase in expenses to be reasonable. (See, Final Joint Staff Memorandum filed on February 1, 2012).

5. Staff recommended an increase in rates and charges of 41.6%, rather than the 44.1% proposed by the District. If Staff's rate recommendation is adopted, the District will have a cash surplus of $8,814 with debt service coverage of 119.26%. The District's bond ordinance requires at least 115% debt service coverage. (See, Final Joint Staff Memorandum filed on February 1, 2012).

6. On December 28, 2011, the District filed an Affidavit of Publication confirming publication of the Notice of Filing of its certificate application as a Class I legal advertisement in the Webster Echo, a qualified newspaper, published and of general circulation in Webster County, West Virginia, on December 21, 2011. Also on December 28, 2011, the District filed an affidavit of mailing stating that it mailed individual notice of the certificate application and the rate increase sought therein to each of its customers on or around November 15, 2011, as a billing insert. In response to the public and individual notice provided to the District's customers, only one protest letter was filed. (See, affidavits filed on December 28, 2011; case file generally).

CONCLUSION OF LAW

It is reasonable to grant the certificate application filed on November 3, 2011, without hearing, since the Notice of Filing, including notification of the proposed rate increase, was properly published, and no significant protest was filed in response thereto; since the proposed project is necessary and convenient as it is needed to bring the District into compliance with its permits issued by the West Virginia Department of Environmental Protection; and since the project will improve service to existing customers and is fully funded.

ORDER

IT IS, THEREFORE, ORDERED that the duly-verified certificate application filed on November 3, 2011, by the Cowen Public Service District, pursuant to West Virginia Code §24-2-11, to replace its existing 0.205 MGD oxidation ditch wastewater treatment plant with a 0.5 MGD sequential batch reactor treatment plant at an estimated cost of $7,192,000, be, and it hereby is, approved.

IT IS FURTHER ORDERED that the financing for the project, consisting of a United States Army Corps of Engineers Grant in the amount of $1,500,000; a United States Department of Agriculture Rural Utilities Services Loan in the amount of $1,270,000 with terms of 2.5% interest for a period of 40 years; a United States Department of Agriculture Rural Utilities Services Rural Utilities Services Grant in the amount of $2,560,000; a United States Department of Agriculture Rural Utilities Services Grant in the amount of $1,000,000; and a West Virginia Infrastructure and Jobs Development Council Grant in the amount of $682,000, be, and it hereby is, approved.

IT IS FURTHER ORDERED that the Staff-recommended rates and charges, attached hereto as Appendix A, be, and hereby are, approved for use by the District upon substantial completion of the project.

IT IS FURTHER ORDERED that the District file an original and at least five (5) copies of a revised tariff containing the rates and charges approved herein no later than thirty (30) days from the date of substantial completion of the project.

IT IS FURTHER ORDERED that the District obtain additional Commission approval, prior to construction, if the plans or scope of the project change.

IT IS FURTHER ORDERED that, if a change in the project cost does not change project rates, no additional Commission approval is necessary; however, the District will be required to file an affidavit executed by its certified public accountant, verifying that the District's rates and charges are not affected.

IT IS FURTHER ORDERED that the District file with the Commission a copy of the engineer's certified bid tabulations for all contracts awarded for the project and submit a copy of

the Certificate of Substantial Completion issued for each construction contract associated with the project, as soon as they become available.

IT IS FURTHER ORDERED that, if the project certificated herein requires the use of any West Virginia Department of Highways' rights-of-way, the District follow all applicable rules and regulations of the Department of Highways regarding those rights-of-way.

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

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and by electronic service upon all parties of record who have filed an e-service agreement with the Commission and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement with the Commission.

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

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

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

Meyishi Pearl Blair

Meyishi Pearl Blair
Administrative Law Judge

MPB:s:cdk
111621a.doc

COWEN PUBLIC SERVICE DISTRICT
CASE NO. 11-1621-PSD-CN

APPROVED RATES

SCHEDULE 1

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial, and industrial service.

RATES (customers with metered water supply)

First	2,000 gallons used per month	$11.30 per 1,000 gallons
Next	10,000 gallons used per month	$10.90 per 1,000 gallons
All Over	12,000 gallons used per month	$10.44 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than $22.60 per month.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full when due, ten percent 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 $200.00 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.

RECONNECTION - $20.00

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

RETURNED CHECK CHARGE

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

LEAK ADJUSTMENT

$1.95 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the average annual usage of the applicant's specific customer class, or fifty dollars, whichever is greater. This fee may be changed by applicable statutory provisions.

SCHEDULE 2

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE DISTRICT'S SANITARY SYSTEM

APPLICABILITY

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

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

S	=	the surcharge in dollars
A	=	the area under roof and/or the area of any other water collecting surface connected to the sanitary sewer, in square feet
R	=	the measured monthly rainfall, in inches
.0006233	=	a conversion factor to change inches of rain x square feet of surface to thousands of gallons of water
C	=	the District's approved rate per thousand gallons of metered water usage

The District shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or 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 the condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the rules and regulations of the Public Service Commission of West Virginia.

Phase I Sewer Project

COWEN PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

RECEIPT FOR SERIES 2013 A BONDS

The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies this 1st day of March, 2013, as follows:

1. On the 1st day of March, 2013, at Cowen, West Virginia, the undersigned received for the Purchaser the Cowen Public Service District Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A (United States Department of Agriculture), No. AR-1 (the "Series 2013 A Bonds"), issued as a single, fully registered Bond, in the principal amount of $1,270,000, dated the date hereof, bearing interest at the rate of 1.875% per annum, payable in monthly installments as stated in the Bond.

2. At the time of such receipt, the Series 2013 A Bonds had been executed and sealed by the designated officials of the Public Service Board of Cowen Public Service District (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of $179,800, being a portion of the principal amount of the Series 2013 A Bonds. The balance of the principal amount of the Series 2013 A Bonds will be advanced by the Purchaser to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

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

Authorized Representative

193040.00005

5869587

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COWEN PUBLIC SERVICE DISTRICT
COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BOND, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$1,270,000

No. AR-1

Date: March 1, 2013

FOR VALUE RECEIVED, COWEN PUBLIC SERVICE DISTRICT (the "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE MILLION TWO HUNDRED SEVENTY THOUSAND DOLLARS ($1,270,000), plus interest on the unpaid principal balance at the rate of 1.875% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing April 1, 2013 and continuing on the corresponding day of each month for the first 24 months after the date hereof, and monthly installments of $3,899, covering principal and interest, beginning April 1, 2015, except that the final installment shall be paid on March 1, 2053 (40 years from the date of this Bond), in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the Record of Advances attached hereto as a part hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the Holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the Holder promptly

or, except for final payment, be retained by the Government and remitted to the Holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the Holder. The effective date of any prepayment retained and remitted by the Government to the Holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the Holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the Holder.

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and Outstanding for the purpose of (i) providing funds for financing costs of acquisition and construction of improvements and extensions to the existing public waterworks and sewerage system (the "System") of the Borrower; and (ii) paying costs of issuance of the Bonds of this Series (the "Bonds") and related costs, is payable solely from the net revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Resolution. This Bond does not in any manner constitute an indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted on February 27, 2013, authorizing issuance of this Bond (the "Resolution").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmer and Rural Development Act of 1965. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S:

(1) COMBINED WATER AND SEWER REVENUE BONDS, SERIES 1978 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 23, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $150,000 (THE "SERIES 1978 BONDS");

(2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 6, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $268,500 (THE "SERIES 1994 BONDS");

(3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 29, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $400,000 (THE "SERIES 2004 A BONDS"); AND

(4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 29, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $800,000 (THE "SERIES 2004 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

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

[Remainder of Page Intentionally Blank]

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

COWEN PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

SPECIMEN

James L. Hamble

Chairman, Public Service Board
P.O. Box 457
Cowen, West Virginia 26206

ATTEST:

SPECIMEN

Sheeley Robinson

Secretary, Public Service Board

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $179,800	03/01/2013	(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 $_____

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to _____ 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 Borrower with full power of substitution in the premises.

Dated: _____,20____.

_____

In presence of:

_____

Phase I Sewer Project

COWEN PUBLIC SERVICE DISTRICT

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$1,270,000

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

Bond No.	Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
AR-1	March 1, 2013	United States Department of Agriculture	Sherry Ralston

193040.00005

5869574

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

March 1, 2013

Cowen Public Service District
Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

Cowen Public Service District
Cowen, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

RE: Phase I Sewer Project

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Cowen Public Service District in Webster County, West Virginia (the "Issuer"), of its $1,270,000 Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A (United States Department of Agriculture), dated the date hereof, (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on February 27, 2013, (the "Bond Legislation"). We have examined the law and such certified copies of proceedings and other papers as we deem necessary to render this opinion.

The Bonds are issued for the purposes of (i) paying a portion of the acquisition and construction of the Project; and (ii) paying certain costs of issuance and related costs.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Bond Legislation and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with full power to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Bond Legislation has been duly and effectively adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

West Virginia • Ohio • Kentucky • Pennsylvania • Texas

TERRALEX® The Worldwide Network of Independent Law Firms

3. Pursuant to the Act, the Bond Legislation creates a valid lien on the funds pledged by the Bond Legislation for the security of the Bonds, on a parity with the Issuer's: (i) Combined Water and Sewer Revenue Bonds, Series 1978 (United States Department of Agriculture), dated May 23, 1980, issued in the original aggregate principal amount of $150,000 (the "Series 1978 Bonds"); (ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), dated April 6, 1994, issued in the original aggregate principal amount of $268,500 (the "Series 1994 Bonds"); (iii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia DWTRF Program), dated December 29, 2004, issued in the original aggregate principal amount of $400,000 (the "Series 2004 A Bonds"); and (iv) Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), dated December 29, 2004, issued in the original aggregate principal amount of $800,000 (the "Series 2004 B Bonds"), (collectively, the "Prior Bonds").

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Bond Legislation.

5. 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.

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

It is to be understood that the rights of the Holders of the Bonds and the enforceability of the Bonds, 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 the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

STEPTOE & JOHNSON PLLC

193040.00005

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

March 1, 2013

Cowen Public Service District
Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

Cowen Public Service District
Cowen, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

RE: Phase I Sewer Project

Ladies and Gentlemen:

We are counsel to Cowen Public Service District, a public service district in Webster County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a Bond Resolution duly adopted by the Issuer on February 27, 2013 (the "Bond Legislation"), other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (the "Bonds"), and documents and orders of The County Commission of Webster County relating to the creation and expansion of the Issuer and the appointment of members of the Public Service Board of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation when used herein.

We are of the opinion that:

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

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

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

5869582

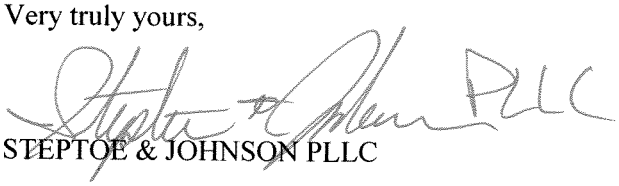
4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds and the Bond Legislation, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any agreement, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

5. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the due creation and valid existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from The County Commission of Webster County and the Public Service Commission of West Virginia, and the Issuer has duly 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 time for appeal of which has expired prior to the date hereof without appeal. The Issuer has duly published a notice of acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

6. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds and 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.

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

Very truly yours,



STEPTOE & JOHNSON PLLC

193040.00005

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

March 1, 2013

Cowen Public Service District
Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

Cowen Public Service District
Cowen, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

RE: Phase I Sewer Project

Ladies and Gentlemen:

We are special counsel to Cowen Public Service District, a public service district in Webster 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.

We are of the opinion that 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 and the operation of the System. The Issuer has received a Recommended Decision of the Public Service Commission of West Virginia dated March 19, 2012 and Corrective Order dated March 30, 2012 and an affidavit of CPA dated January 28, 2013 in Case No. 11-1621-PSD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project approving rates and charges for the sewerage portion of the System 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

193040.00005

5871681

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

March 1, 2013

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: Cowen Public Service District
Final Title Opinion

Dear Ladies & Gentlemen:

This firm represents Cowen Public Service District (the "District") with regard to a proposed sewer treatment plant upgrade project (the "Project"), and provides this final title opinion on behalf of the District to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") with regard to the financing proposed for the Project. Please be advised of the following:

1. That we are of the opinion that the Cowen Public Service District is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia and has the full power and authority to construct, operate and maintain the Project as approved by the Bureau for Public Health.

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

3. That we have investigated and ascertained the location of, and are familiar with the legal description of, the necessary sites required for the construction of the Project as set forth in the plans for the Project prepared by Pentree Incorporated, the consulting engineers for the Project.

4. That we have examined the records on file in the Office of the Clerk of the County Commission of Webster County, West Virginia, the county in which the Project is to be located, and, in our opinion, the District has acquired legal title to 100% of the property where the Project is to be located for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed for the Project, except and subject to the matters set forth in the Preliminary Title Opinions on USDA

West Virginia • Ohio • Kentucky • Pennsylvania • Texas

TERRALEX® The Worldwide Network of Independent Law Firms

Forms RD 1927-9 for Property Nos. 2 through 5, which were attached to our Preliminary Title Opinion and incorporated by reference.

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

Sincerely,

Steptoe & Johnson PLLC

USDA
Form RD 1927-9
(Rev. 9-99)

Position 5

PROPERTY NO. 2
FORM APPROVED
OMB NO. 0575-0147

PRELIMINARY TITLE OPINION

Loan Applicant	Address of Property	
Cowen Public Service District	Glade District	
Applicant for Title Examination	**County**	**State**
Cowen Public Service District	Webster	WV

I. At the request of the above-named applicant(s) for title examination, I have examined title to the real property described in attached Schedule A and, if the security includes a water right, to the water right described in attached Schedule B (such real property or water right, or both, herein referred to as "the property"), offered as security in connection with a loan to be made or insured by the United States of America, acting through the United States Department of Agriculture (USDA).

II. My examination covered the period commencing with deed filed for record on Dec. 7, 1960, at 4:00 P M. o'clock, to September 19, 2012, at 4:00 P M. o'clock.

III. Based on said examination and any additional information concerning the title which has come to my attention, it is my opinion that title to the property, subject only to the encumbrances, reservations, exceptions, and defects, and the provisions of any security instrument authorizing future advances which would have priority over the proposed USDA security instrument, all of which are set forth at the end of the description, is vested in the following party or parties:

Cowen Public Service District

IV. In order to vest good and marketable title in fact to the property in the loan applicant or in the loan applicant and co-applicant as required or permitted by the respective USDA Agency, subject only to the encumbrances, exceptions, and reservations which under written authorization from the respective USDA Agency may remain outstanding, the following satisfactions, releases, payments, quitclaim deeds, warranty deeds, or affidavits or other conveyances or curative instruments, must be obtained and, unless otherwise indicated, recorded:

Title Comments on Schedule A

V. The names of the parties, in addition to the loan applicant(s), who must execute the security instrument in order to give the respective USDA Agency a lien free and clear of dower, curtesy and homestead rights, are:

Not Applicable

VI. I will assist in closing the loan and promptly render a supplemental opinion covering the interval from the terminal date of the search covered by this Opinion to the time when the real estate security instrument and any other necessary instruments executed in connection with the loan are filed for record.

VII. I have made the title examination, and issue this Opinion. This Opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America, acting through the United States Department of Agriculture and I assume liability to each hereunder.

09-19-2012
(Date)

Randall C. Light
(Attorney's signature)

STEPTOE & JOHNSON PLLC
400 White Oaks Blvd., Bridgeport, WV 26330
(Address)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collections is 0575-0147. The time required to complete this information collection is estimated to average 1-1/2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

SCHEDULE A
TO
PRELIMINARY TITLE OPINION

PROPERTY NO. 2
(PART OF SEWER PLANT SITE)
PRESENT OWNER: Cowen Public Service District

PROPERTY NO. 2:

SEWER PLANT – 1
.134 AC FEE WELCH GLADE
GLADE DISTRICT
TAX MAP 4R, PARCEL 67.1
DB/PG: 231/385
DEED DATED: February 18, 1994
RECORDED: 9/1/1994

Description (Property No. 2):

All that certain lot, tract and parcel of real estate situate, situate in Glade District of Webster County, West Virginia, and more particularly bounded and described as follows, to-wit:

> BEGINNING at a point, said point located on the southern most corner of Parcel 64.2 situated near the intersection of State Route 82 and State Route 20; thence S. 52° E. 30.0' to a point in western right-of-way of CSX railway; thence with railway right-of-way N. 30° 30' E. 286.9' to a point; thence leaving said right-of-way N. 80° W 11.0' to a point said point being eastern most corner of Parcel 64.2; thence with eastern line of Parcel 64.2 S. 39° W. 282.0' to the beginning, containing 0.134 acres, more or less,

and being the same lot or parcel of land conveyed to Cowen Public Service District by East Kentucky Energy Corporation by deed dated February 18, 1994, and of record in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 231, at page 385.

Title Comments:

a) Property Nos. 2, 3, and 5 are subject to a Right of Way Agreement dated March 13, 1952, and recorded in Deed Book 111, at page 39, from Birch River Coal and Coke Company to Monongahela Power Company granting a right-of-way or easement for the construction, operation, maintenance, alteration, or removal of an electric distribution system and telephone system over, across and upon property situate in Glade District, Webster County, West Virginia.

b) Property Nos. 2, 3, and 5 are subject to a Distribution Line Easement dated August 24, 1979, and recorded in Deed Book No. 187, at page 479, from Allegheny Pittsburgh Coal Company to Monongahela Power Company granting a right-of-way or easement for the construction, operation, maintenance, repair, alteration, reconstruction and removal of an electric distribution system and telephone system over property situate in Glade District, Webster County, West Virginia.

c) Property Nos. 2, 3, and 5 are subject to a Distribution Line Easement dated January 22, 1991, and recorded in Deed Book No. 220, at page 662, from East Kentucky Energy Corporation to Monongahela Power Company granting a right-of-way or easement for the construction, erection, operation, maintenance, repair, alteration, reconstruction and removal of an electric distribution system and telephone system over property situate in Glade District, Webster County, West Virginia.

d) A "Plat of Survey Showing Property of Cowen Public Service District" dated January 21, 2010, is recorded in said Clerk's Office in Map Book No. 3, at page 82. We have relied on that plat to confirm the locations and contiguity of Property Nos. 2, 3, 4, and 5. We note that according to such plat, certain improvements on that property encroach onto adjoining property. A copy of that Plat is attached hereto as "Exhibit I" for your consideration.

USDA
Form RD 1927-9
(Rev. 9-99)

Position 5

PROPERTY NO. 3
FORM APPROVED
OMB NO. 0575-0147

PRELIMINARY TITLE OPINION

Loan Applicant	Address of Property	
Cowen Public Service District	Glade District	
Applicant for Title Examination	**County** Webster	**State** WV
Cowen Public Service District		

I. At the request of the above-named applicant(s) for title examination, I have examined title to the real property described in attached Schedule A and, if the security includes a water right, to the water right described in attached Schedule B (such real property or water right, or both, herein referred to as "the property"), offered as security in connection with a loan to be made or insured by the United States of America, acting through the United States Department of Agriculture (USDA).

II. My examination covered the period commencing with deed ,* filed for record on Dec. 7 , 1960 , at 4:00 P M. o'clock, to September 19, 2012 , _____ , at 4:00 P M. o'clock.

III. Based on said examination and any additional information concerning the title which has come to my attention, it is my opinion that title to the property, subject only to the encumbrances, reservations, exceptions, and defects, and the provisions of any security instrument authorizing future advances which would have priority over the proposed USDA security instrument, all of which are set forth at the end of the description, is vested in the following party or parties:

Cowen Public Service District

IV. In order to vest good and marketable title in fact to the property in the loan applicant or in the loan applicant and co-applicant as required or permitted by the respective USDA Agency, subject only to the encumbrances, exceptions, and reservations which under written authorization from the respective USDA Agency may remain outstanding, the following satisfactions, releases, payments, quitclaim deeds, warranty deeds, or affidavits or other conveyances or curative instruments, must be obtained and, unless otherwise indicated, recorded:

Title Comments on Schedule A

V. The names of the parties, in addition to the loan applicant(s), who must execute the security instrument in order to give the respective USDA Agency a lien free and clear of dower, curtesy and homestead rights, are:

Not Applicable

VI. I will assist in closing the loan and promptly render a supplemental opinion covering the interval from the terminal date of the search covered by this Opinion to the time when the real estate security instrument and any other necessary instruments executed in connection with the loan are filed for record.

VII. I have made the title examination, and issue this Opinion. This Opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America, acting through the United States Department of Agriculture and I assume liability to each hereunder.

09-19-2012
(Date)

Randall C. Light
(Attorney's signature)

STEPTOE & JOHNSON PLLC
400 White Oaks Blvd., Bridgeport, WV 26330
(Address)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collections is 0575-0147. The time required to complete this information collection is estimated to average 1-1/2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

SCHEDULE A
TO
PRELIMINARY TITLE OPINION

PROPERTY NO. 3
(PART OF SEWER PLANT SITE)
PRESENT OWNER: Cowen Public Service District

PROPERTY NO. 3:

SEWER PLANT – 2
.79 AC SURF BIG DITCH RUN TRACT K
GLADE DISTRICT
TAX MAP 4R, PARCEL 64.2
DB/PG: 163/143
DEED DATED: May 6, 1969
RECORDED: 1/5/1973

Description (Property No. 3):

All that certain tract or parcel of land situate in Glade District, Webster County, West Virginia, more particularly described as follows, to-wit:

> BEGINNING at a stake in the south side of the Baltimore and Ohio Railroad right of way near the end of a switch which is the J. M. Huber Corporation corner, thence N. 80° W. 11 feet to a stake and the point of beginning, thence N. 80° W. 91.5 feet to a stake beside of highway, thence with said highway S. 66° W. 162.0 feet to a stake, thence running with highway S. 63° W. 97.0 feet to a stake, thence S. 52° E. 223.0 feet to a stake, thence N. 39° E. 282.0 feet to the beginning, containing .79 acres, more or less, a plat of which is attached to the hereinafter referenced deed,

and being the same tract or parcel of land that was conveyed to Cowen Public Service District by J. M. Huber Corporation by deed dated May 6, 1969, and of record in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 163, at page 143.

Title Comments:

a) The conveyance of Property No. 3 to Cowen Public Service District in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 163, at page 143, contained a reservation of "all of the minerals in, on, and under said conveyances that may be produced from the land by any method other than and excepting actual surface excavation of earth on or within one hundred (100) feet of the property herein conveyed."

b) Property Nos. 2, 3, and 5 are subject to a Right of Way Agreement dated March 13, 1952, and recorded in Deed Book 111, at page 39, from Birch River Coal and Coke Company to Monongahela Power Company granting a right-of-way or easement for the construction, operation, maintenance, alteration, or removal of an electric distribution system and telephone system over, across and upon property situate in Glade District, Webster County, West Virginia.

c) Property Nos. 2, 3, and 5 are subject to a Distribution Line Easement dated August 24, 1979, and recorded in Deed Book No. 187, at page 479, from Allegheny Pittsburgh Coal Company to Monongahela Power Company granting a right-of-way or easement for the construction, operation, maintenance, repair, alteration, reconstruction and removal of an electric distribution system and telephone system over property situate in Glade District, Webster County, West Virginia.

d) Property Nos. 2, 3, and 5 are subject to a Distribution Line Easement dated January 22, 1991, and recorded in Deed Book No. 220, at page 662, from East Kentucky Energy Corporation to Monongahela Power Company granting a right-of-way or easement for the construction, erection, operation, maintenance, repair, alteration, reconstruction and removal of an electric distribution system and telephone system over property situate in Glade District, Webster County, West Virginia.

e) A "Plat of Survey Showing Property of Cowen Public Service District" dated January 21, 2010, is recorded in said Clerk's Office in Map Book No. 3, at page 82. We have relied on that plat to confirm the locations and contiguity of Property Nos. 2, 3, 4, and 5. We note that according to such plat, certain improvements on that property encroach onto adjoining property. A copy of that Plat is attached hereto as "Exhibit I" for your consideration.

USDA
Form RD 1927-9
(Rev. 9-99)

Position 5

PROPERTY NO. 4
FORM APPROVED
OMB NO. 0575-0147

PRELIMINARY TITLE OPINION

Loan Applicant	Address of Property	
Cowen Public Service District	Glade District	
Applicant for Title Examination	**County** Webster	**State** WV
Cowen Public Service District		

I. At the request of the above-named applicant(s) for title examination, I have examined title to the real property described in attached Schedule A and, if the security includes a water right, to the water right described in attached Schedule B (such real property or water right, or both, herein referred to as "the property"), offered as security in connection with a loan to be made or insured by the United States of America, acting through the United States Department of Agriculture (USDA).

II. My examination covered the period commencing with deed _____,* filed for record on Dec. 7, 1960, at 4:00 P M. o'clock, to September 19, 2012, _____, at 4:00 P M. o'clock.

III. Based on said examination and any additional information concerning the title which has come to my attention, it is my opinion that title to the property, subject only to the encumbrances, reservations, exceptions, and defects, and the provisions of any security instrument authorizing future advances which would have priority over the proposed USDA security instrument, all of which are set forth at the end of the description, is vested in the following party or parties:

Cowen Public Service District

IV. In order to vest good and marketable title in fact to the property in the loan applicant or in the loan applicant and co-applicant as required or permitted by the respective USDA Agency, subject only to the encumbrances, exceptions, and reservations which under written authorization from the respective USDA Agency may remain outstanding, the following satisfactions, releases, payments, quitclaim deeds, warranty deeds, or affidavits or other conveyances or curative instruments, must be obtained and, unless otherwise indicated, recorded:

Title Comments on Schedule A

V. The names of the parties, in addition to the loan applicant(s), who must execute the security instrument in order to give the respective USDA Agency a lien free and clear of dower, curtesy and homestead rights, are:

Not Applicable

VI. I will assist in closing the loan and promptly render a supplemental opinion covering the interval from the terminal date of the search covered by this Opinion to the time when the real estate security instrument and any other necessary instruments executed in connection with the loan are filed for record.

VII. I have made the title examination, and issue this Opinion. This Opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America, acting through the United States Department of Agriculture and I assume liability to each hereunder.

09-19-2012
(Date)

Randall C. Light
(Attorney's signature)

Randall C. Light
STEPTOE & JOHNSON PLLC
400 White Oaks Blvd., Bridgeport, WV 26330
(Address)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collections is 0575-0147. The time required to complete this information collection is estimated to average 1-1/2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

SCHEDULE A
TO
PRELIMINARY TITLE OPINION

PROPERTY NO. 4
(PART OF SEWER PLANT SITE)
PRESENT OWNER: Cowen Public Service District

PROPERTY NO. 4:

SEWER PLANT – 3
.142 AC SURF WELCH GLADE
GLADE DISTRICT
TAX MAP 4R, PARCEL 64.3
DB/PG: 233/222
Deed Dated: 2/17/1994
Recorded: 4/19/1995
DB/PG NO.: 233/222

Description (Property No. 4): All that certain lot or parcel of land situate in Glade District of Webster County, West Virginia, and more particularly bounded and described as follows, to-wit:

> BEGINNING at a point, said point located on the southwestern most corner of portion of Parcel 64 located on west side of WV Rt. 20, situated near the intersection of State Route 82 and State Route 20; thence with Rt. 20 right-of-way N. 63° E. 92.96' to a point; thence continuing with right-of-way N. 55° E. 111.07' to a point at intersection of Rt. 20 right-of-way and CSX Railway right-of-way; thence leaving said Rt. 20 right-of-way and with CSX right-of-way S. 30° 30' W. 143.58' to a point leaving CSX right-of-way N. 80° W. 102.5' to the BEGINNING, containing 0.142 acres, more or less,

and being the same lot or parcel of land conveyed to Cowen Public Service District by David G. Wayne and Linda J. Wayne, his wife, by deed dated February 17, 1994, and of record in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 233, at page 222.

Title Comments:

a) Property No. 4 is subject to a reservation in Deed Book No. 101, at page 76, all the coal, oil and gas in, under and underlying said property, together with all the usual, necessary and convenient mining, drilling, operating and removal rights for said coal, oil and gas.

b) Property No. 4 is subject to a Right of Way Agreement dated April 1, 1949, and recorded in Deed Book No. 102, at page 302, from C. C. Sill, et al., to Monongahela Power Company for an easement for the construction, operation, maintenance, repair, alteration, or removal of an electric distribution system and telephone system over, across and upon property situate in Glade District, Webster County, West Virginia.

c) By Quitclaim Deed dated April 11, 1969, and of record in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 163, at page 152, Newman Oxier and Ruby Oxier conveyed unto Cowen Public Service District, all their right, title, and interest in the following described parcel of real estate situate in Glade District, Webster County, West Virginia:

> A parcel of real estate situate between the right of way of the Baltimore and Ohio Railroad and West Virginia State Route 20, lying North of the property of J. M. Huber Corporation.
>
> Being a portion that the same real estate conveyed unto N. M. Oxier and Ruby Oxier by Err B. Ramsburg and Alma Gay Ramsburg, his wife, by deed dated the 13th day of February, 1948, of record in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 101, at page 76, to which deed reference is here made and had.

The description in this deed is somewhat ambiguous, but it appears to be the same property described as 0.142 acres, more or less, in the deed for Property No. 4 to Cowen Public Service District of record in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 233, at page 222. Thus, there are two deeds to Cowen Public Service District for this Property No. 4.

d) A "Plat of Survey Showing Property of Cowen Public Service District" dated January 21, 2010, is recorded in said Clerk's Office in Map Book No. 3, at page 82. We have relied on that plat to confirm the locations and contiguity of Property Nos. 2, 3, 4, and 5. We note that according to such plat, certain improvements on that property encroach onto adjoining property. A copy of that Plat is attached hereto as "Exhibit I" for your consideration.

USDA
Form RD 1927-9
(Rev. 9-99)

Position 5

PROPERTY NO. 5
FORM APPROVED
OMB NO. 0575-0147

PRELIMINARY TITLE OPINION

Loan Applicant	Address of Property	
Cowen Public Service District	Glade District	
Applicant for Title Examination	**County** Webster	**State** WV
Cowen Public Service District		

I. At the request of the above-named applicant(s) for title examination, I have examined title to the real property described in attached Schedule A and, if the security includes a water right, to the water right described in attached Schedule B (such real property or water right, or both, herein referred to as "the property"), offered as security in connection with a loan to be made or insured by the United States of America, acting through the United States Department of Agriculture (USDA).

II. My examination covered the period commencing with deed _____, filed for record on Dec. 7, 1960, at 4:00 P M. o'clock, to September 19, 2012 _____, at 4:00 P M. o'clock.

III. Based on said examination and any additional information concerning the title which has come to my attention, it is my opinion that title to the property, subject only to the encumbrances, reservations, exceptions, and defects, and the provisions of any security instrument authorizing future advances which would have priority over the proposed USDA security instrument, all of which are set forth at the end of the description, is vested in the following party or parties:

Cowen Public Service District

IV. In order to vest good and marketable title in fact to the property in the loan applicant or in the loan applicant and co-applicant as required or permitted by the respective USDA Agency, subject only to the encumbrances, exceptions, and reservations which under written authorization from the respective USDA Agency may remain outstanding, the following satisfactions, releases, payments, quitclaim deeds, warranty deeds, or affidavits or other conveyances or curative instruments, must be obtained and, unless otherwise indicated, recorded:

Title Comments on Schedule A

V. The names of the parties, in addition to the loan applicant(s), who must execute the security instrument in order to give the respective USDA Agency a lien free and clear of dower, curtesy and homestead rights, are:

Not Applicable

VI. I will assist in closing the loan and promptly render a supplemental opinion covering the interval from the terminal date of the search covered by this Opinion to the time when the real estate security instrument and any other necessary instruments executed in connection with the loan are filed for record.

VII. I have made the title examination, and issue this Opinion. This Opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America, acting through the United States Department of Agriculture and I assume liability to each hereunder.

09-19-2012
(Date)

Randall C. Light
(Attorney's signature)

Randall C. Light
STEPTOE & JOHNSON PLLC
400 White Oaks Blvd., Bridgeport, WV 26330
(Address)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collections is 0575-0147. The time required to complete this information collection is estimated to average 1-1/2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

SCHEDULE A
TO
PRELIMINARY TITLE OPINION

PROPERTY NO. 5
(PART OF SEWER PLANT SITE)
PRESENT OWNER: Cowen Public Service District

PROPERTY NO. 5:

NEW LOT
SEWER PLANT-4
3.616 AC SURF WELCH GLADE
GLADE DISTRICT
TAX MAP 4R, PARCEL 67
DB/PG: 273/116
DEED DATED: 1/10/2008
RECORDED: 4/7/2000
DB/PG NO.: 273/116

Description (Property No. 5): All that certain tract or parcel of land situate near Cowen on the waters of long Glade in Glade District of Webster County, West Virginia, and more particularly bounded and described as follows, to-wit:

> BEGINNING at a stake in B & O right of way on South side of railroad, near the end of the switch and running N. 80 W. 17.13 poles to a stake by a sign board at the intersection of Birch & Camden roads; thence with the Camden road S. 33 1/2 W. 26 poles to a stake; thence S. 14 1/4 E. 31 poles to a stake in B & O right of way; thence with the same N. 18 3/4 E. 22 poles to a stake; N. 30 1/2 E. 32.1 poles to the beginning, containing 3 3/4 acres, **EXCEPTING AND RESERVING THEREFROM**, however, that certain 0.79 acre tract conveyed to Cowen Public Service District by J. H. Huber Corporation in the deed recorded in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 163, at page 143;

and being the same tract or parcel of land conveyed to Cowen Public Service District by Beckwith Lumber Company, Inc., by deed dated January 10, 2008, and of record in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 273, at page 116.

Title Comments:

a) A "Plat of Survey Showing Property of Cowen Public Service District" dated January 21, 2010, is recorded in said Clerk's Office in Map Book No. 3, at page 82. We have relied on that plat to confirm the locations and contiguity of Property Nos. 2, 3, 4, and 5. We note that according to such plat, certain improvements on that property encroach onto adjoining property. A copy of that Plat is attached hereto as "Exhibit I" for your consideration.

b) Property Nos. 2, 3, and 5 are subject to a Right of Way Agreement dated March 13, 1952, and recorded in Deed Book 111, at page 39, from Birch River Coal and Coke Company to Monongahela Power Company granting a right-of-way or easement for the construction, operation, maintenance, alteration, or removal of an electric distribution system and telephone system over, across and upon property situate in Glade District, Webster County, West Virginia.

c) Property Nos. 2, 3, and 5 are subject to a Distribution Line Easement dated August 24, 1979, and recorded in Deed Book No. 187, at page 479, from Allegheny Pittsburgh Coal Company to Monongahela Power Company granting a right-of-way or easement for the construction, operation, maintenance, repair, alteration, reconstruction and removal of an electric distribution system and telephone system over property situate in Glade District, Webster County, West Virginia.

d) Property Nos. 2, 3, and 5 are subject to a Distribution Line Easement dated January 22, 1991, and recorded in Deed Book No. 220, at page 662, from East Kentucky Energy Corporation to Monongahela Power Company granting a right-of-way or easement for the construction, erection, operation, maintenance, repair, alteration, reconstruction and removal of an electric distribution system and telephone system over property situate in Glade District, Webster County, West Virginia.

e) By deed dated March 30, 2000, and of record in Deed Book No. 249, at page 146, from East Kentucky Energy Corporation to Beckwith Lumber Company, Inc. the grantor conveyed only the surface and timber of certain property, including Parcel No. 5. The grantor reserved all the minerals and certain appurtenant surface rights related to mineral development on said property. A copy of the Reservations and Exceptions attached to that deed is attached hereto as "Exhibit II."

f) A Memorandum of Lease dated March 1, 1991, and recorded in Lease Book No. 22, at page 663, reflects that Parcel 5 is subject to a coal lease from East Kentucky Energy Corporation to Evergreen Mining Company. A copy of that Memorandum is attached as "Exhibit III."

EXHIBIT I

Map Book 31 82

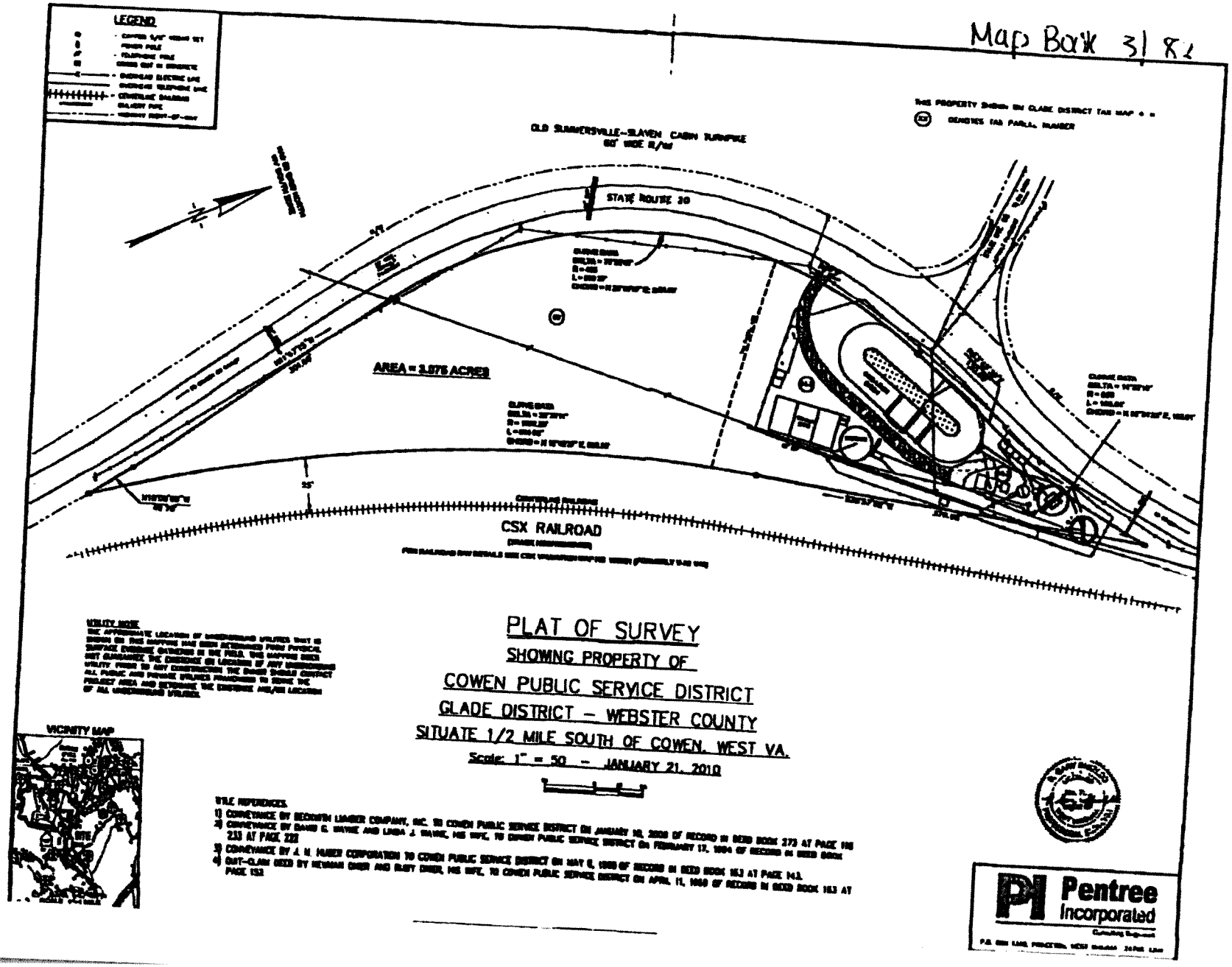


EXHIBIT "B"

RESERVATIONS AND EXCEPTIONS

1. There is reserved and excepted from this conveyance unto Grantor, but not for the benefit of any predecessors in title, all coal and other minerals, including oil and gas, and their derivatives and by-products and any substance found in association therewith which are necessarily removed in the process of mining or removing the same (collectively "Minerals") lying in, on or under the Property, together with all appurtenances and rights incident to the Minerals, including but not limited to the following:

(a) Grantor reserves the right to use or develop the surface of the Property in connection with all Mineral mining (whether surface mining, auger mining, highwall miner mining, mountaintop removal mining, deep mining, longwall mining or mining by any other methods similar or dissimilar, now known or hereafter developed), including without limitation, the right to transport men, equipment, supplies, materials and other items whether similar or dissimilar and the right to prospect for, transport, loan, process and wash Minerals from the Property and from any other properties, over, under, through and on the Property, all without the payment of wheelage.

(b) Grantor's reserved rights include, but are not limited to, (i) the right to mine Minerals by any method now known or hereafter developed, (ii) the right to dispose of overburden and refuse, (iii) the right to construct and maintain ventilation shafts and fans, ponds, cleaning and/or preparation plants, to use water and dispose of waste water in connection therewith and to construct and maintain offices, scale houses, pump houses, drainage ditches, power and telephone lines, (iv) the right to use all rights-of-way, easements and licenses incident to the property, (v) the right to construct all buildings, improvements and roads in connection with Mineral mining operations, in, on or under the Property or on any other property owned or operated by Grantor, (vi) the right, subject to the limitations set forth herein, to cut, remove or otherwise affect timber on the Property as Grantor deems reasonably necessary or desirable in connection with all Mineral mining, drilling, reclamation or revegetation activities in, on or under the Property or on any other property owned or operated by Grantor, (vii) all rights reserved to the Mineral owner under all Mineral leases pertaining to the Property and (viii) the right to remove or relocate roads or improvements on the Property and exercise any other right on the Property as Grantor deems necessary or desirable in connection with all Mineral mining, drilling, reclamation or revegetation activities in, on or under the Property or on any other property owned or operated by Grantor.

2. (a) Except as provided in paragraph 6 below, prior to the disturbance of any portion of the surface of the Property in connection with the removal of any Minerals which will cause such surface of the Property to be not available for the growing of timber, Grantor will notify Grantee in writing of its intention to commence such disturbance (the "Notice"). The Notice will include a description of that portion of the Property which Grantor intends to so

disturb. Grantee shall have one hundred eighty (180) days from the receipt of the Notice to remove all timber lying or growing on such portion of the Property, after which time Grantor may without any liability to Grantee (I) proceed to remove any timber which Grantee has failed to remove which timber will remain the property of Grantee, and (II) commence disturbance of the portion of the Property identified in the Notice. If Grantee removes timber from an area pursuant to a Notice, and mining is not commenced within twelve (12) months from the date the Notice is received by Grantee and thereafter diligently pursued to completion, Grantor shall promptly pay upon demand by Purchaser One Thousand Dollars ($1,000.00) per acre of such portion of the Property timbered by Grantee. In connection with any such disturbances, Grantor agrees that it will not cause through its active mining operations, in the aggregate more than ten percent (10%) of the surface of the Property to be unavailable for the growing of timber at any one time.

(b) Grantee will have the right, upon notice to Grantor within ninety (90) days after receipt of a Notice, to require Grantor to repurchase from Grantee, or its successors and assigns, the portions of the surface of the Property subject to such Notice at the original per acre purchase price plus simple interest thereon at Chase prime rate prevailing during the period that Grantee owned such repurchased portion. Upon exercise of this right by Grantee, Grantor shall prepare and deliver to Grantee a special warranty deed subject to the same covenants, reservations, exceptions and conditions contained herein provided that Grantee shall have ingress and egress over such repurchased acreage for access to the remainder of the Property together with the right to transport timber and its by-products without any charge. Grantor shall also bear all costs of the repurchase except Grantee's legal expenses. Thereafter, the Grantee shall have a reasonable time (not to exceed one hundred eighty (180) days from the delivery of the deed) to timber and remove all of the trees and timber from such repurchased acreage. Grantee shall leave the surface in a reasonable condition after such timbering.

3. (a) There is reserved unto Grantor and excepted from this conveyance all rights to lateral and subjacent support or other support of the surface, to the end that Grantor owns and controls the subsidence rights that are appurtenant to the Property. In addition, Grantor shall have the absolute right in its sole discretion to grant or not to grant the right to others to subside the surface of the Property whether by coal or other mining activities provided such subsidence otherwise complies with applicable law. Grantor shall also have the right to mine and remove all Minerals and to conduct all other operations as more fully set forth herein without any liability, except as set forth herein, for injury to the surface of the Property or the timber or improvements thereon.

(b) Upon discovery by Grantee of any material damage to the surface of the Property caused by subsidence, which prevents the ability to grow timber, except for disturbed areas subject to a Notice and repurchase under paragraph 2(a) and (b), Grantee will have the right, upon notice to Grantor within ninety (90) days after such discovery, to require Grantor to repurchase from Grantee, or its successors and assigns, such portions of the surface of the Property which may have been materially damaged at the original per acre purchase price plus simple interest thereon at Chase prime rate prevailing during the period that Grantee owned such repurchased portion. In the event Grantor disagrees that such portions of the Property have been "materially damaged," the parties agree to submit the question to a mutually agreed upon

Forester for resolution. The resolution of the Forester shall be final and binding on both parties. Upon exercise of this right by Grantee, Grantor shall prepare and deliver to Grantee a special warranty deed subject to the same covenants, reservations, exceptions and conditions contained herein provided that Grantee shall have ingress and egress over such repurchased acreage for access to the remainder of the Property together with the right to transport timber and its by-products without any charge. Grantor shall also bear all costs of the repurchase except Grantee's legal expenses. Thereafter, the Grantee shall have a reasonable time (not to exceed one hundred eighty (180) days from delivery of the deed) to timber and remove any or all of the trees and timber from such repurchased acreage. Grantee shall leave the surface in a reasonable condition after such timbering.

4. The provisions of paragraphs 2(a) and (b) and 3(a) and (b) shall apply only to Grantor or parties claiming by, through and under Grantor.

5. In the event that Grantor receives a bona fide offer to purchase any acreage repurchased pursuant to paragraphs 2(b) and 3(b), Grantee shall have the first right of refusal to purchase such repurchased acreage on the terms and conditions of the bona fide offer received by Grantor. Grantor shall give Grantee written notice of any such offer and afford Grantee sixty (60) days to exercise in writing this first right of refusal. In the event that Grantor has not received a written exercise of such right of refusal within said sixty (60) day period, the right of refusal shall automatically terminate and be of no further force and effect.

6. The foregoing provisions shall be deemed to be covenants running with all or any part of the Property and shall inure to the benefit of and be binding on the parties hereto, their respective grantees, successors and assigns and any person or entity claiming by, through or under it or them or any of them.

7. If any clause, sentence or portion of the terms, conditions, covenants, reservations and restrictions of this deed become illegal, null or void for any reason, or be held by any court of competent jurisdiction to be so, the remaining portions shall remain in full force and effect.

STATE OF WEST VIRGINIA, Webster County

Commission Clerk's Office April 5, 2000

The foregoing Limited Warranty Deed together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste: Terry J. Layne Clerk

ADMITTED TO RECORD
2000 APR -5 AM 8 57
TERRY J. LAYNE, CLERK
WEBSTER COUNTY COMMISSION, W.V.

2509 WV00001-1

MEMORANDUM OF LEASE Lease 22 PAGE 663

This MEMORANDUM OF LEASE dated March 1, 1991, WITNESSETH the following information contained in a Coal Lease as follows:

1. Lessor. EAST KENTUCKY ENERGY CORPORATION, a Kentucky corporation authorized to do business in the State of West Virginia, P. O. Box 416, Inez, Kentucky 41224.

2. Lessee. EVERGREEN MINING COMPANY, a West Virginia corporation, P. O. Box 2906, Houston, TX 77252.

3. Reference. The Lease to which this Memorandum relates is entitled COAL LEASE and was made and entered into on December 7, 1990.

4. Description. Exhibit A attached hereto and made part hereof.

5. Rentals, Royalties and Terms of Payment. The royalties and payment thereof as set forth in Article Two of the Lease and upon the terms and conditions contained therein, to which reference is hereby made.

6. Term. The term of this Lease shall be for a period commencing on September 14, 1990, and continuing thereafter for a primary term of twenty-five (25) years; thereafter, the term of this Lease shall be extended from year to year until all the mineable, merchantable coal in the property has been mined and removed; provided, however, that this Lease shall terminate at the end of the primary term or any subsequent extension term upon 180 days prior notice by either part; and provided further that the Company may extend this Lease from year to year after all the mineable, merchantable coal has been mined or removed from the property for the mining or transporting or processing or handling of coal from other lands or leaseholds by paying as annual rental a sum of money equal to the minimum annual royalty; and provided, further, that in no event shall term of this Lease, as extended, exceeded a period of fifty (50) years; and, in addition, all

CALLAGHAN & HUSSMAN
ATTORNEYS AT LAW
P. O. BOX 484
RICHWOOD, WV 25261
723 MAIN STREET
SUMMERSVILLE, WV 25651

EXHIBIT III

of the other conditions set forth in "ARTICLE SEVEN. TERM" of said Lease shall apply thereto.

7. Extension and Renewal. The extension and renewal is as set forth in Paragraph 6 above and in accordance with "ARTICLE SEVEN" of the Lease.

This document was prepared by Dan O. Callaghan, Lawyer, Summersville, WV 26651.

WITNESS the following signatures and seals.

EAST KENTUCKY ENERGY CORPORATION,
a Kentucky corporation

By Russell V. Allison
Its President

(CORPORATE SEAL)

ATTEST:

Secretary

EVERGREEN MINING COMPANY,
a West Virginia corporation

By J.F. Berryman
Its ATTORNEY-IN-FACT

(CORPORATE SEAL)

ATTEST:

Secretary

STATE OF Kentucky,
COUNTY OF Martin, TO-WIT:

The foregoing instrument was acknowledged before me by Russell V. Allison, President, on behalf of East Kentucky Energy Corporation, a Kentucky corporation,, this the day 13th of March, 1991.

My Commission Expires: 9-14-91

Gladys C. [illegible]
NOTARY PUBLIC

STATE OF TEXAS,
COUNTY OF HARRIS, TO-WIT:

The foregoing instrument was acknowledged before me by J.F. Berryman, Attorney-in-Fact, on behalf of Evergreen Mining Company, a West Virginia corporation, this the 1st day of March, 1991.

My Commission Expires: June 24, 1992.

Cindy L. Rosellini
NOTARY PUBLIC

CALLAGHAN & RUSSMAN
ATTORNEYS AT LAW
P. O. BOX 422
BENWOOD, WV 26201
[illegible] MAIN STREET
SUMMERSVILLE, WV 26651

CINDY L. ROSELLINI
NOTARY PUBLIC
STATE OF TEXAS
EXPIRES
JUNE 24, 1992

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT MEMORANDUM OF LEASE DATED MARCH 1, 1991 BETWEEN EAST KENTUCKY ENERGY CORPORATION AND EVERGREEN MINING COMPANY

All of the grantors right title and interest in and to the following tracts of real estate situated in Glade district, Webster County, West Virginia, as follows:

TRACT 1 A tract of 4,287 acres surface and coal situate on the waters of Laurel Creek and Birch River and described as follows:

Beginning at a sugar tree standing in the west end of a low place in the ridge between two head drains of Beaver Creek, a corner to the Birch River Coal and Coke Company's land, running thence south 72-3/4 E. 496 poles to two chestnuts on a narrow ridge, crossing three branches of Jack Run and crossing Birch River at 420 poles; Thence N. 85-3/4 E. 82 poles to a stake in a field below an old road; thence S. 68 E., 40 poles to a lynn stump in the forks of a ravine of Birch River; thence S. 88 E. 42 poles to a stake; thence N. 89 E. 88 poles to a poplar on a ridge, a corner to E. S. Norman; thence S. 17 E., 86 poles to an oak stump and pointers near a bear willow, a corner to J. S. Crosby; thence N. 75 E., 136 poles to a stake and hickory pointers, corner to G. F. Adkinson; thence N. 54 E. 170 poles to a fallen oak and pointers in a low place in a ridge, a corner to H. B. Gadd and G. S. McElwain; thence with McElwain N. 13-3/4 E. 268 poles to a stake and fallen chestnut on a ridge in the old Harrison and Greenbrier County line, a corner to G. S. McElwain; thence with said line N. 50 W. (old call N. 55 W.) 1,054 poles to a stake on a ridge between two head drains of Missouri Run, crossing Slab Run at 200 poles, Glade Run at 610 poles, crossing top of ridge at 780 poles, Doddridge Run at 838 poles, whole length of line 1,054 poles; thence S. 14 W. 1,007 poles to the beginning, crossing Doddrige or Bragg Run at 200 poles, Birch River at 360 poles, a branch of Beaver Creek at 843 poles, the ridge road at 940 poles, whole length of line 1,007 poles, and said to contain Four Thousand Four Hundred and Twenty (4420) acres in whole survey. Assessors Surface Map Parcel 4P-1. There is included in the above noted boundary all of the Grantor's interest in and to a parcel of 70 acres situated on Glade Run and Slab Camp Run, two tributaries of Laurel Creek, in Glad District, Webster County, W. Virginia, described as follows:

9027504A

Beginning at a black gum on the hillside facing Slab Camp Run on the S. side of said run and on the Harrison and Greenbriar County line, running thence N. 60 E. 98 poles to a stake; thence N. 80-1/2 W. 200 poles to a beech by a branch on Glade Run, and in the Stockton line; thence with same S. 75-1/2 W. 73 poles to a stake; thence S. 24 E. 85 poles to a beech in the Harrison-Greenbriar line; with same S. 31-1/4 E. 200 poles to the beginning, containing 70 acres, be the same more or less, and being the same tract of land conveyed by F. M. Smith and Laura Smith, his wife, and Claude Raymond, Single to James Reed by deed dated November 20, 1969, and of record in Deed book 69 at page 189, and thereafter conveyed by the said James Reed and his successor in title as a part of the aforesaid 4,287 acre tract.

There is excepted from the 4,420 acre tract 30.64 acres claimed by L. M. Green, on Glade Run, the said 30.64 acres as claimed by the said Green, being an overlap of land claimed by him to that extent upon the above boundary.

There is also excepted from this Conveyance a Tract of 102.36 acres known as the Wyatt Justus land and described as follows:

Beginning at a stake on a rootwall in the outside line of the Keystone survey, 25 feet from a poplar stump near a drain, a corner to Wyatt Justus, and running up the south side of Birch River S. 62° 10' E. 3746 feet to a beech and hickory standing on the north bank of Birch River; thence, south 36 degrees E., 2343 feet to two beeches on the road side near the river; thence S. 75 degrees 5' E. 236 feet to a lynn; thence down the river to the north side thereof N. 15 degrees E. 45' 841.5 feet to a stake; N. 15 degrees 45' W. 858 feet to a stake at the mouth of a hollow; N. 58 degrees 45' W., 396 feet to a stake; N. 64 degrees 45' W. 490 feet to a beech at the mouth of a deep hollow; thence, N. 59 degrees 12' W., 2484 feet to a stake and Butternut tree; N. 54 degrees 45' W., 1716 feet to a stake in the mouth of a hollow; S. 79 degrees 15' W., 468.55 feet to a stake in the Keystone line; thence with same, S. 14 degrees W. 340 feet to the beginning, containing 102.36 acres.

and being the same interest in Real Estate conveyed unto Alleghany Pittsburgh Coal Company by Raymond Desrosiers, Agent by deed dated September 19, 1974 and of record in Deed Book 170 at page 515 and by Raymond C. Desrosiers by deed dated October 21, 1970, and of record in Deed Book 170 at page 518.

Tract 2 A tract of 83.5 acres situate on the water of Laurel Creek and described as follows:

Beginning at a stake on right of way of the Baltimore and Ohio Railroad, corner to Lot Nos. 1 and 3 of the division of 286 acres of

land conveyed to C. E. Crosby by Hester A. Adkinson, et al. by deed of record in the office of the Clerk of the County Court of Webster County, and leaving said right of way N. 76 1/2 W. 185 poles, crossing the railroad and Laurel Creek and up the mountain to a stake on top of the same, and running therewith N. 1 1/2 W. 18 1/2 poles to a stone pile on top of a hill, and thence N. 55 E. 18 1/2 poles to a small chestnut by a dead one, thence N. 34 1/2 E. 12/ poles to a rock pile on top of know, thence 3 1/2 E. 12 poles to a poplar with line of C. E. Crosby, and with said line N. 5 1/2 E. 56 poles to a stake and pointers, corner to Jacob Crosby No. 1 of the division herein referred to, and with a line of same S. 60 E. 184 poles to a stake on the railroad right of way heretofore referred to, corner to same, and with same S. 28 1/2 W. 32 poles to a stake, thence E. 17 W. 20 poles to the beginning, containing 83 1/2 acres, more or less. Assessors Surface Map Parcel 4Q-16.

and being the same interest in real estate conveyed to Allegheny Pittsburgh Coal Company by Robert W. Moore, et al., by deed dated April 23, 1975, and of record in Deed Book 170 at page 38; by E. H. Herold and Ada Herold, his wife, by deed dated May 15, 1975, and of record in Deed book 170 at page 425 and by Marguerite Herold, et al. by deed dated May 15, 1975, and of recorded in Deed Book 170 at page 428.

The surface of said tract is however subject to the reservation of surface parcels contained in the aforesaid deed from Robert W. Moore, et al. dated April 23, 1975.

Tract 1 A tract of 100 acres surface and coal situate on the headwaters of Beaver Creek composed of 4 parcels of surface and 1 parcel of coal as follows:

Tract A - 28 Acres - Surface

"Beginning at a chestnut on a small knob in the field, running thence S. 84 W. 50 poles to a stake in the road, on the outside line of the whole tract of 100 acres of which this is a part, and running with said outside line S. 43-1/2 W. 18 poles to a bunch of chestnuts and chestnut trees on the ridge thence N. 69-1/4 E. 60 poles to a black jack, thence N. 82-3/4 W. 82 poles to a small chestnut oak and pointers on the ridge, thence N. 45-3/4 E. 28 poles to a bunch of chestnuts on a knob in original corner and leaving said whole tract N. 65 W. 97 poles to the beginning, containing 28 acres more or less". Assessors Surface Map Parcel 3P-11.

Tract B - 12 3/4 Acres - Surface

"Beginning at a stake, N. 34 E. 47 poles to a chestnut tree, S. 13 E. 7 poles to chestnut tree; thence N. 69 E. 40 poles to a stake on Erwin line, S. 5 W. 50 poles to chestnut suckers, thence N. 85 W. 61 poles to the beginning, containing 12-3/4 acres more or less". Assessors Surface Map Parcel 3P-13.

Tract C - 58.4 Acres - Surface

Beginning on a line 25 acres heretofore conveyed, and running North 43 E. 47-1/2 poles to a chestnut; thence South 13 E. 7 poles to a chestnut, thence N. 69 E. 40 poles to a stake on the James Erwin line, thence N. 5 E. 46 poles to a stone and pointers on east hill side, thence N. 85 W. 84 poles to pointers at the creek, thence S. 40 W. 15 poles to a small chestnut oak on a point, thence S. 23 W. 55 poles to a poplar on a cliff, thence S. 43 W. 46 poles to a stake on the outside line, thence N. 84-1/2 E. 50 poles to a chestnut, thence S. 85 E. 36 poles to the beginning, and containing 61-3/4 acres more (or less). There is excepted, however, from this conveyance 5 acres and 17 square rods heretofore conveyed to Sam Tayler. Assessors Surface Map Parcel 3P-14.

Tract D - 5.1 Acres - Surface

"BEGINNING at a stake on the line of the first mentioned tract running with same N. 85 W. 36 poles to a chestnut, a corner of the first mentioned tract, thence S. 83-1/2 W. 50 poles to a stake on the outside line; thence N. 43 E. 9-1/2 poles to a stake; thence N. 84-1/2 E. 50 poles to a stake on the line of Essie Tyler, S. 85 E. 36 poles, thence S. 34 W. 9-1/2 poles to the beginning containing 5 acres and 17 poles more or less". Assessors Surface Map Parcel 3P-12.

Tract E - 100 Acres - Coal

Beginning at two beeches and a yellow lynn corner to Rachel C. Wilson lands and running thence S. 40 degrees W. 15 poles to a small Chestnut oak on a point, thence S. 23 degrees W. 55 poles to a poplar on a cliff of rocks, thence W. 43 degrees W. 64 poles to a bunch of chestnut succors on a ridge, thence S. 70 degrees E. 60 poles to a black jack, thence N. 82 degrees 82 poles to a small chestnut oak and pointers on a ridge, thence N. 45 degrees E. 39 poles to a bunch of chestnut succors on a knob, thence N. 5 degrees E. 96 poles to a stone and pointers on a southeast hillside, thence N. 85 degrees W. 84 poles to pointers at the creek, thence S. 11 degrees W. 32 poles to the place of beginning. Being some of the parcels of

9037504A

land conveyed unto Allegheny Pittsburgh Coal Company by Raymond G. Desrosiers, et al. by deed dated September 1, 1974, and of record and deed in book 170 at page 510.

Tract 4 A tract of 1,540.8 acres presently assessed as 1,338 acres situate on the waters of Birch River and described as follows:

Beginning at a Sugar tree below the falls in a branch of Birch River, a corner to Wayne Hoover, L. W. Woods and H. M. Hoover, and running with H. M. Hoover N. 49 W. 12.5 poles to a stake (Sugar & Spruce down) 1; N. 32 W. 36 poles to a down Spruce; N. 77 W. 67.3 poles to a stake on the bank of Birch River by a barn; thence up the river S. 6 W. 48 poles to a Spruce against a steep hillside; a corner to J. C. Hoover; thence with his line N. 82-1/2 W. crossing the river at 67 poles, while length of line 110 poles to a Gum in a laurel thicket, a corner to James Hinkle; thence with three of his lines N. 16 W. 32 poles to a down Spruce against a hillside; S. 54-1/2 W. 144.6 poles to a down Red Oak and Lynn pointers; S. 34-1/2 W. 40 poles to two Chestnuts nearly on top of ridge, passing James Hinkle's corner at 14 poles, also corner to Galveston Texas Harouff; thence with Harouff S. 11-1/2 E. 83 poles to a Stake on a ridge, with Chestnut-oal pointers, a corner to G. T. & R. P. Harouff; thence with 75 acre tract formerly conveyed to R. P. Harouff, N. 83 W. 112 poles to a stake in a field; thence S. 5 W. 88 poles to a stake in a field by Hickory stump in the outside line; thence with the same N. 88 W. 104 poles to a stake on the West side of the road of the Back fork of Birch River (Poplar gone); thence N. 4-1/2 E. 717 poles to two Chestnuts on a ridge, crossing a branch of Birch at 68 poles, another at 162 poles, a branch of Beaver Creek at 402 poles, another branch at 580 poles and another at 680, whole length 717 poles; thence S. 79 E. 123 poles to a Sugar at the west end of a lower place in a ridge, a corner to the Keystone land; thence with the same S. 72-1/2 E. 396 poles to an oak stump, a corner to Sweet Lumber Company, crossing three branches of Jack Run; thence with Sweet S. 50 W. 143 poles, crossing Jack Run about 10 poles to a large Sugar tree and pointers, thence S. 48 E. 90 poles to a stake and pointers; thence E. 76 E. 70 poles, crossing Birch at about 10 poles to a stake in a line of L. W. Woods; thence with the same S. 13 W. 112 poles to a Spruce stump; thence S. 15 E. 80 poles to the beginning, containing 1540.8 acres. (Assessors Surface Map Parcel 30-5).

There is also included herein all of the Grantor's right, title, and interest in and to a tract of 21-1/2 acres included within the above boundary but presently assessed separately, described as follows:

Beginning at pointers on the top of the point, 26 poles from L. W. Woods double space pine corner and on his line; and running therein N. 13 E. 86 poles to pointers on his line, corner to Smoot Lumber Company's Land, and with N. 77 W. 60 poles in center of Birch River, and with said river S. 24 W. 8 poles; S. 46 W. 7 poles; S. 30 E. 7-1/4 poles; S. 42 E. 25 poles; S. 13 W. poles; S. 9-1/2 E. 32 poles; S. 16 W. 10 poles to mouth of Left Hand Fork of Birch River; thence S. 79 E. 26 poles to the beginning containing 21-1/2 acres, being the SECOND tract in a conveyance from D. P. Kessler and Aggie Kessler, his wife, to C. B. Couch, dated September 12, 1906 and of record in Deed Book 36 at page 548, (See Assessor's Surface Map 3Q-9).

and being the same interest in real estate conveyed unto Allegheny Pittsburgh Coal Company by Raymond C. Desrosiers, et al. by deed dated October 2, 1974, and of record in Deed Book 170 at page 500.

<u>Tract 8</u> Nine tracts of coal and one tract in fee presently assessed as 620 acres coal and 35.5 acres fee, all situate on the water of Birch River as follows:

<u>Tract A - 100 Acres - Coal</u>

Beginning at a Sugar tree below the falls in a branch of Birch River, a corner to tract "A" and Wayne and H. M. Hoover and running with tract "A" N. 15 W. 80 poles to a down Spruce; thence N. 13 E. 187 poles to a stake and pointers on a ridge, in a line of Smoot Lumber Co.; thence leaving Smoot S. 19 E. two poles to Chestnuts; thence S. 86-1/4 E. 67 poles to a stake; thence with Christopher Miller S. 9-3/4 E. 176 poles to a stake in his line, a corner to Wayne Hoover; thence with Hoover S. 87-3/4 W. 127 poles to the beginning, containing 140.7 acres.

<u>Tract B - 30 Acres Fee and 37.3 Acres Coal</u> described in one tract as 67.3 acres as follows:

Beginning at a Poplar on a ridge, a corner to the Keystone tract and E. S. Norman, and running with Keystone S. 89 W. 68 poles to a Stake; N. 88 W. 42 poles to a Lynn stump at forks of creek; thence down the creek N. 68 W. 40 poles to a stake in a field below and old road; thence S. 85-3/4 W. 82 poles to two Chestnuts on a narrow ridge; thence leaving the Keystone tract and running up the ridge S. 66 E. 85 poles to a Beech; S. 49 E. 29.25 poles to a Chestnut; S. 23-1/2 E. 28.4 poles to a Stake S. 52-1/2 E. 15 poles; S. 68-1/2 E. 11 poles; S. 57-1/2 E. 8-1/2 poles to a Chestnut on the ridge in a turn in the old road; thence down the hill N. 45 e. 38 poles to a stake in a line of Lot one; thence with said line S. 42 E. 42 poles to a stake on a

ridge, a corner to A. C. Cochman and S. B. Adkison, and running with Adkison N. 6-1/2 E. 27 poles to a stone pile; N. 37 E. 17 poles to a Gum and Oak; N. 1/2 W. 21.5 poles to a stone pile; N. 56 E. 18.5 poles to a small Chestnut by a dead one; N. 35-1/2 E. 12 poles to stone pile on a knob; N. 4-1/2 E. 12 poles to the beginning, containing 67.3 acres, of which approximately 30 acres is fee and 37.3 acres is coal land. (Fee portion shown as 35.5 Acres Assessors Surface Map Parcel 40-15).

Tract C - 68.3 Acres - Coal

Beginning at a Maple stump, a corner to G. T. Marouff and running with tow lines of Marouff N. 85 W. 58 poles to an oak stump; N. 61-1/2 W. 78 poles to a dogwood in outside line; thence with said line N. 34-1/2 E. 14 poles to a down red oak and Lynn pointer; N. 54-1/2 E. 144.6 poles to a down Spruce; S. 16 E. 32 poles to a Gum in a Laurel thicket; thence S. 1 E. 108 poles to the beginning, containing 68.3 acres.

Tract D - 70.75 Acres - Coal

Beginning at a Stake and Chestnut Oak pointers on a ridge, a corner to 2-1/2 acres conveyed by R. P. Marouff to G. T. Marouff, and running with the Wetherhed tract N. 83 W. 112 poles to a stake in a field by a fence; thence S. 5 W. 88 poles to a stake by a Hickory stump in a field; thence S. 86 E. 147 poles to an oak stump and a Beech tree in a turn of the road, the James Marouff corner; thence N. 6-1/2 W. 51 poles to a stake; a corner to the 2-1/2 acres; thence with two lines of the same N. 41-1/2 W. 34 poles to three Chestnut oaks on a point in a stone pile; thence N. 2 E. 8 poles to the beginning, containing 70.75 acres.

Tract E - 50.25 Acres - Coal

Beginning at the forks of the Strouds Creek and Beaver roads in a low gap in the ridge and running up the ridge S. 4 W. 50.5 poles to a stake and pointers on the ridge; thence S. 35 E. 6 poles to a stake and large Chestnut stump; S. 89 E. 95 poles to a stake, in Mishman's line, a corner to Ibbie Meadows; thence with Mishman N. 16-1/4 E. 79 poles to a stake in the road; thence with the meanders of the road S. 74-1/2 W. 7 poles; S. 44-1/2 W. 7 p.; N. 89-3/4 W. 6 p.; N. 44-3/4 W. 8 p.; N. 16-3/4 W. 10 p. N. 68-3/4 W. 5.5 p.; S. 57-1/2 W. 11 p.; N. 89-3/4 W. 7 p.; N. 54 W. 16 p. S. 71 W. 10 p.; N 73-3/4 W. 12 p.; S. 39 W. 15 p. S. 64 W. 17 P.; S. 48-1/2 W. 17.3 p. to the beginning, containing 50.25 acres.

Tract F - 135 Acres - Coal

Beginning at a Locust on top of the ridge between Birch & Stroude Creeks, a corner to Lots 68 & 76, and running up the ridge S. 17 E. 27.5 p. to a stone pile and pts; thence S. 54-1/2 E. 22 poles to a stake and pts; thence S. 9 E. 19 poles to a stone pile by a large Chestnut; S. 26 W. 29 poles to stake; S. 43-1/2 E. 26 poles to a stake; S. 31 E. 60 poles to a stone pile, corner to Lot 58; thence down the hill N. 80 E. 21 poles to a stake; N. 36 E. 48 poles to a stake on the South side of the road in the low gap between Coon Creek and Birch River; thence crossing the road N. 85 E. 16-1/2 poles to a stake and pointers; S. 60-1/2 E. 53 poles to a stake and pointers; N. 77-1/2 E. 15 poles to a stake; N. 32 E. 28 poles to a stake and pts on a knob; North 18 poles to a stake and pointers; N. 37 W. 10 poles to a stake and pts; N. 6 W. 20 poles to a stake and pts; N. 2 W. 18 poles to a stake; N. 46-1/2 W. 7-1/2 poles to a stake; N. 21-1/2 W. 6-1/2 poles to a stake; N. 9 W. 28-1/2 poles to a stake on the ridge, a corner to N. N. Mishman and John Goff; thence with Mishman N. 88 W. 184 poles, crossing Birch River at 50 poles to the beginning, containing 135 acres, exclusive of the 11-1/4 acres reserved and not included in these calls.

Tract G - 43 Acres - Coal

Beginning at a large chestnut oak on a ridge, corner to Lot No. 44 in the division in what is known as the Pierson lands; thence N. 40° W. 6 poles to a white oak; thence N. 14° E. 54 poles to a stake and a stone pile on the outside line of said lands; and with the same S. 89° E. about 78 poles to a black gum corner to the same, and on a line of the lands formerly owned by Thomas Goff; and with his line S. 14-3/4° W. 100 poles to pointers on top of a high ridge on the original line; thence leaving said line, out the ridge N. 84° W. 80 poles to a bunch of dogwoods South of a low gap; thence N. 29-1/2° W. 32 poles to the beginning, containing 43 acres, being the coal in, under and upon Lot No. 45 in the division of the Pierson lands.

Tract H - 20 Acres - Coal

Beginning at a White Oak, a corner to A. W. Vance and S. K. Lemley and Tract J and running with J, N. 83-1/2 W. 69 poles to a stake; N. 76 W. 30 poles to a stake on bank of road; N. 26 E. 32 poles across as ridge to a stake on the west side of the Birch road; thence East 76 poles to a stake in A. W. Vance's line; thence with the same S. 9-3/4 E. 44 poles to the beginning, containing 20 acres.

9027504A

Tract I - 58.75 Acres - Coal

Beginning at a Maple on the south side of the road, a corner to F. M. Mason, and running with the road S. 84-1/2 W. 15.5 poles; N. 69-1/2 W. 16.6 poles; N. 48 W. 16.5 poles S. 75 W. 24.5 poles; S. 57 W. 12.64 poles; S. 39-1/2 W. 15.6 poles to a stone on the north side of the road; S. 48-1/2 W. 22 poles to a White Oak, corner to A. W. Vance; thence with Wayne Hoover N. 53-1/2 W. 34-1/2 poles to a stake on the road side at the corner to Mintie Gardner; thence with the road and Gardner S. 11-1/2 E. 21 poles; S. 19-1/2 W. 26 poles; S. 4-1/2 E. 17 poles to a stake in L. D. Smith's line; thence with Smith, Cogar, Andersen and Mason S. 89-1/2 E. 144 poles to a stake, a corner to W. G. Woods and F. M. Mason in W. C. Anderson's line; thence with Mason, Woods and L. W. Starcher, N. 3 W. 78-3/4 poles to the beginning, containing 66-3/4 acres including Sarners tract of 8 acres, which is reserved leaving, 58-3/4 acres of coal.

Being some of the parcels conveyed to Allegheny Pittsburgh Coal Company by Raymond C. Desrosiers, et al. by deed dated October 2, 1974, and of record in Deed Book 170 at page 500.

Tract 6 A tract of 3.75 acres for situate near Cowen on the water on Long Glade described as follows:

Beginning at a stake in B. & O. right of way on South side of railroad, near the end of the switch and running N. 80 W. 17.13 poles to a stake by a sign board at the intersection of Birch & Camden roads; thence with the Camden road S. 33-1/2 W. 26 poles to a stake; thence S. 14-3/4 E. 31 poles to a stake N. 18-3/4 E. 22 poles to a stake; N. 30-1/2 E. 32.1 poles to the beginning, containing 3-3/4 acres. (Assessors Surface Map Parcel 4R-67).

There is expected and reserved from the above described 3.75 acres parcel (TRACT X) that certain 0.79 of an acre parcel which was conveyed to J. M. Huber Corporation to the Cowen Public Service District by deed dated the 6th day of May 1969, of record in the Office of the Clerk of the County Court of Webster County, West Virginia, in Deed Book No. 163 at Page 143 and therein described as follows:

Beginning at a stake in the south side of the B. & O. Railroad right of way near the end of a switch which is the J. M. Huber Corporation corner, thence N. 80° W. 11 feet to a stake and the point of beginning, thence N. 80° W. 91.5 feet to a stake beside of highway, thence with said highway S. 66° W. 162 feet to a stake, thence running with the highway S. 63° W. 97 feet to a stake, thence S. 52°

E. 223 feet to a stake, thence N. 39° E. 282 feet to the beginning, containing 0.79 of an acre, more or less.

and being one of the parcels conveyed by Raymond C. Desrosiers, et al. to Allegheny Pittsburgh Coal Company by deed dated October 2, 1974, and of record in Deed Book 170 at page 500.

Tract 7 Four tracts of surface situate at Welch Glade near Cowen on the waters of Birch River containing 280 rods, 168 rods, 50 square rods and 2.36 acres being the same four parcels of surface conveyed to the Birch River Coal & Coke Company by C. S. Cough and Rachael T. Cough, his wife, by deed dated May 30, 1907, and of record in Deed book 37 at page 176 and subsequently conveyed unto Allegheny Pittsburgh Coal Company by Raymond C. Desrosiers, et al. by deed dated October 2, 1974, and of record in Deed book 170 at page 500 to which deeds reference is here made and had for a more particular description of said real estate. Assessors Surface Map Parcels 4S-91, 2.36 acres fee, 4Q 61.5 acres; 4Q 71-1.75 Acres; and 4R 71-10.3 acres.

Tract 8 A tract of 640 acres fee situate on Old Mee Fork of Beaver Creek, Birch River and Otter Hole Run of Birch River presently assessed as 540 acres fee and 100 acres coal described as follows:

Beginning at a red oak opposite two maples, corner to the Callison survey, thence N. 9-1/2 E 536 poles with said Callison survey to Wyatt Justice land to a poplar and birch; thence S. 87-1/2 W. 75 poles to a poplar and R. O. Thence with three lines or same, S. 74 W. 118 poles to pointers; thence S. 72 W. 40 poles to a sucumber new gone and a stone in place of same; thence S. 18 W. 100 poles to a red oak; thence S. 57 W. 28 poles to a stake in R. C. Wilson's line and with four of his lines S. 84 E. 18 poles to a stake; thence S. 13 E. 60 poles to a stake; thence S. 44 E. 20 poles to a stake; thence S. 13 W. 110 poles to a stake in line of Frances Mason; thence with five of his lines S. 65 E. 60 poles to a stake corner of Mason tract; thence S. 46 W. 20 poles to a stake, corner of said Mason tract of land, S. 83 W. 82 poles to a stake; thence N. 70 W. 100 poles to pointers, corner of Amy C. Wilson Tract; thence part way with one of her lines, S. 43 W. 28 poles to a stake, corner of Robert Norman 50 acre tract; thence with a line of same S. 5 E. 103 poles to outside original line of 4000 acres of May and Norman land; thence S. 79-1/2 E. 242 poles to the place of beginning containing 640 acres, more or less. (Assessors Surface Map Parcel 3P-15). Being one of the parcels conveyed unto Allegheny Pittsburgh Coal Company by Raymond C. Desrosiers, et al. by deed dated September 1, 1974, and of record and Deed Book 170 at page 150.

Tract 9 A parcel of 50 acres surface situate on the waters of Birch River and Otter Hole Run not presently assessed and described as follows:

Beginning at or near the public road of Birch Road and with the line between the original line of the Hayes, Brannon and Myre line to a point on said line and ridge marked by certain stone and tree, thence crossing said Otter Hole Hollow Branch and to the dividing line between said lands and the JUSTICE hundred acres and with the line to the place of beginning, said parcel of land containing 50 acres more or less.

Being one of the parcels conveyed unto Allegheny Pittsburgh Coal Company by Raymond C. Desrosiers, et al. by deed dated September 1, 1974, and of record in Deed Book 170 at page 510.

92 FEB 25 7:19:17

STATE OF WEST VIRGINIA, Webster County

Commission Clerk's Office February 25, 1992

The foregoing Memorandum of Lease together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste: Terry L. Payne Clerk

9027504A

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
FARM SERVICE AGENCY

FORM APPROVED
OMB NO. 0575-0147

FINAL TITLE OPINION

LOAN APPLICANT	ADDRESS OR PROPERTY COVERED BY THIS OPINION	
Cowen Public Service District	Glade District See Schedule A and Deeds Attached	
APPLICANT FOR TITLE EXAMINATION	COUNTY	STATE
Cowen Public Service District	Webster	WV

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to March 1, 2013 (Date) at 8:30 a.m. ~~p.m.~~ (including the time of filing the current security instrument).

II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in Cowen Public Service District

as record owner.
(Joint tenants, tenants by the entirety, etc.)

B. The United States of America holds a valid shared first (Priority) statutory (Mortgage, etc.) lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), which lien was filed for record on N/A (per WV Code Section 16-13A-19) (Date), _____, at _____ a.m. p.m. and is recorded in _____ (Book, page, and office). of the Clerk of the County Commission of Webster County, WV.

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing):

Not applicable.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to complete this information collection is estimated to average 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exceptions, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's, and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal, State, and local taxes, including county, school, improvement, water, drainage, sewer, inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal courts, (e) recorded covenants; conditions; restrictions; reservations; liens; encumbrances; easements; rights-of-way; leases; mineral, oil, gas, and geothermal rights (regardless of the right of surface entry); timber rights; water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United States Department of Agriculture Agency which provided the assistance, and I assume liability to each hereunder.

03-01-2013
(Date)

Randall C. Light
(Attorney's signature)

STEPTOE & JOHNSON PLLC
400 White Oaks Boulevard
Bridgeport, WV 26330
(Address, include ZIP Code)

Attachments

SCHEDULE A
TO
FINAL TITLE OPINION
PROPERTY OWNER: Cowen Public Service District

PROPERTY NO. 1: MAINTENANCE BLDG. (OLD OFFICE)

7472.2 SQ FT BIG DITCH
COWEN CORP. DISTRICT
TAX MAP 1, PARCEL 35.1
DB/PG: 231/584
DEED DATED: September 22, 1994
RECORDED: 10/4/1994

Description (Property No. 1):

All that certain lot, tract and parcel of real estate situate in Cowen, near First Street West and near the old Cowen High School, Glade District of Webster County, West Virginia, and more particularly bounded and described as follows, to-wit:

> BEGINNING at an iron pipe, found, a corner to G. Berthy, Will Book No. 11 at page 473, and corner to Webster Properties, Deed Book No. 181 at page 177 (181/177) of which this parcel is a part; thence with Berthy for one call N. 88-27-30 E. 85.24 feet to a point, a 1/2 inch reinforcing rod (rebar) set this survey; thence with 2 lines interior to said Webster Properties parcel S. 19-51-14 E. 62.60 feet to a point at the northerly edge of a right of way into said parcel (reference is herby made to the attached plat), a 1/2 inch rebar set this survey; thence with said edge S. 70-08-46 W 110.51 feet to a point in a line of said Berthy, a 1/2 inch rebar set this survey; thence leaving said right of way edge with Berthy for one call N. 1-32-29 W. 94.15 feet to the beginning, containing 7,472.2 square feet, more or less, as surveyed in August, 1981 by Michael G. Wheeler, L.L.S. and as shown on a plat attached to the deed hereinafter referenced,

and being the same lot or parcel of land conveyed to Cowen Public Service District by The Webster County Commission by deed dated September 22, 1994, and of record in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 231, at page 584.

Title Comments:

None.

PROPERTY NO. 2: (PART OF SEWER PLANT SITE)

SEWER PLANT – 1
.134 AC FEE WELCH GLADE
GLADE DISTRICT
TAX MAP 4R, PARCEL 67.1
DB/PG: 231/385
DEED DATED: February 18, 1994
RECORDED: 9/1/1994

Description (Property No. 2):

All that certain lot, tract and parcel of real estate situate, situate in Glade District of Webster County, West Virginia, and more particularly bounded and described as follows, to-wit:

> BEGINNING at a point, said point located on the southern most corner of Parcel 64.2 situated near the intersection of State Route 82 and State Route 20; thence S. 52° E. 30.0' to a point in western right-of-way of CSX railway; thence with railway right-of-way N. 30° 30' E. 286.9' to a point; thence leaving said right-of-way N. 80° W 11.0' to a point said point being eastern most corner of Parcel 64.2; thence with eastern line of Parcel 64.2 S. 39° W. 282.0' to the beginning, containing 0.134 acres, more or less,

and being the same lot or parcel of land conveyed to Cowen Public Service District by East Kentucky Energy Corporation by deed dated February 18, 1994, and of record in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 231, at page 385.

Title Comments:

a) Property Nos. 2, 3, and 5 are subject to a Right of Way Agreement dated March 13, 1952, and recorded in Deed Book 111, at page 39, from Birch River Coal and Coke Company to Monongahela Power Company granting a right-of-way or easement for the construction, operation, maintenance, alteration, or removal of an electric distribution system and telephone system over, across and upon property situate in Glade District, Webster County, West Virginia.

b) Property Nos. 2, 3, and 5 are subject to a Distribution Line Easement dated August 24, 1979, and recorded in Deed Book No. 187, at page 479, from Allegheny Pittsburgh Coal Company to Monongahela Power Company granting a right-of-way or easement for the construction, operation, maintenance, repair, alteration, reconstruction and removal of an electric distribution system and telephone system over property situate in Glade District, Webster County, West Virginia.

c) Property Nos. 2, 3, and 5 are subject to a Distribution Line Easement dated January 22, 1991, and recorded in Deed Book No. 220, at page 662, from East Kentucky Energy Corporation to Monongahela Power Company granting a right-of-way or easement for the construction, erection, operation, maintenance, repair, alteration, reconstruction and removal of an electric distribution system and telephone system over property situate in Glade District, Webster County, West Virginia.

d) A "Plat of Survey Showing Property of Cowen Public Service District" dated January 21, 2010, is recorded in said Clerk's Office in Map Book No. 3, at page 82. We have relied on that plat to confirm the locations and contiguity of Property Nos. 2, 3, 4, and 5. We note that according to such plat, certain improvements on that property encroach onto adjoining property. A copy of that Plat is attached hereto as "Exhibit I" for your consideration.

PROPERTY NO. 3: PART OF SEWER PLANT SITE

SEWER PLANT – 2
.79 AC SURF BIG DITCH RUN TRACT K
GLADE DISTRICT
TAX MAP 4R, PARCEL 64.2
DB/PG: 163/143
DEED DATED: May 6, 1969
RECORDED: 1/5/1973

Description (Property No. 3):

All that certain tract or parcel of land situate in Glade District, Webster County, West Virginia, more particularly described as follows, to-wit:

> BEGINNING at a stake in the south side of the Baltimore and Ohio Railroad right of way near the end of a switch which is the J. M. Huber Corporation corner, thence N. 80° W. 11 feet to a stake and the point of beginning, thence N. 80° W. 91.5 feet to a stake beside of highway, thence with said highway S. 66° W. 162.0 feet to a stake, thence running with highway S. 63° W. 97.0 feet to a stake, thence S. 52° E. 223.0 feet to a stake, thence N. 39° E. 282.0 feet to the beginning, containing .79 acres, more or less, a plat of which is attached to the hereinafter referenced deed,

and being the same tract or parcel of land that was conveyed to Cowen Public Service District by J. M. Huber Corporation by deed dated May 6, 1969, and of record in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 163, at page 143.

Title Comments:

a) The conveyance of Property No. 3 to Cowen Public Service District in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 163, at page 143, contained a reservation of "all of the minerals in, on, and under said conveyances that may be produced from the land by any method other than and excepting actual surface excavation of earth on or within one hundred (100) feet of the property herein conveyed."

b) Property Nos. 2, 3, and 5 are subject to a Right of Way Agreement dated March 13, 1952, and recorded in Deed Book 111, at page 39, from Birch River Coal and Coke Company to Monongahela Power Company granting a right-of-way or easement for the construction, operation, maintenance, alteration, or removal of an electric distribution system and telephone system over, across and upon property situate in Glade District, Webster County, West Virginia.

c) Property Nos. 2, 3, and 5 are subject to a Distribution Line Easement dated August 24, 1979, and recorded in Deed Book No. 187, at page 479, from Allegheny Pittsburgh Coal Company to Monongahela Power Company granting a right-of-way or easement for the construction, operation, maintenance, repair, alteration, reconstruction and removal of an electric distribution system and telephone system over property situate in Glade District, Webster County, West Virginia.

d) Property Nos. 2, 3, and 5 are subject to a Distribution Line Easement dated January 22, 1991, and recorded in Deed Book No. 220, at page 662, from East Kentucky Energy Corporation to Monongahela Power Company granting a right-of-way or easement for the construction, erection, operation, maintenance, repair, alteration, reconstruction and removal of an electric distribution system and telephone system over property situate in Glade District, Webster County, West Virginia.

e) A "Plat of Survey Showing Property of Cowen Public Service District" dated January 21, 2010, is recorded in said Clerk's Office in Map Book No. 3, at page 82. We have relied on that plat to confirm the locations and contiguity of Property Nos. 2, 3, 4, and 5. We note that according to such plat, certain improvements on that property encroach onto adjoining property. A copy of that Plat is attached hereto as "Exhibit I" for your consideration.

PROPERTY NO. 4: PART OF SEWER PLANT SITE

SEWER PLANT – 3
.142 AC SURF WELCH GLADE
GLADE DISTRICT
TAX MAP 4R, PARCEL 64.3
DB/PG: 233/222
Deed Dated: 2/17/1994
Recorded: 4/19/1995
DB/PG NO.: 233/222

Description (Property No. 4): All that certain lot or parcel of land situate in Glade District of Webster County, West Virginia, and more particularly bounded and described as follows, to-wit:

> BEGINNING at a point, said point located on the southwestern most corner of portion of Parcel 64 located on west side of WV Rt. 20, situated near the intersection of State Route 82 and State Route 20; thence with Rt. 20 right-of-way N. 63° E. 92.96' to a point; thence continuing with right-of-way N. 55° E. 111.07' to a point at intersection of Rt. 20 right-of-way and CSX Railway right-of-way; thence leaving said Rt. 20 right-of-way and with CSX right-of-way S. 30° 30' W. 143.58' to a point leaving CSX right-of-way N. 80° W. 102.5' to the BEGINNING, containing 0.142 acres, more or less,

and being the same lot or parcel of land conveyed to Cowen Public Service District by David G. Wayne and Linda J. Wayne, his wife, by deed dated February 17, 1994, and of record in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 233, at page 222.

Title Comments:

a) Property No. 4 is subject to a reservation in Deed Book No. 101, at page 76, all the coal, oil and gas in, under and underlying said property, together with all the usual, necessary and convenient mining, drilling, operating and removal rights for said coal, oil and gas.

b) Property No. 4 is subject to a Right of Way Agreement dated April 1, 1949, and recorded in Deed Book No. 102, at page 302, from C. C. Sill, et al., to Monongahela Power Company for an easement for the construction, operation, maintenance, repair, alteration, or removal of an electric distribution system and telephone system over, across and upon property situate in Glade District, Webster County, West Virginia.

c) By Quitclaim Deed dated April 11, 1969, and of record in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 163, at page 152, Newman Oxier and Ruby Oxier conveyed unto Cowen Public Service District, all their right, title, and interest in the following described parcel of real estate situate in Glade District, Webster County, West Virginia:

A parcel of real estate situate between the right of way of the Baltimore and Ohio Railroad and West Virginia State Route 20, lying North of the property of J. M. Huber Corporation.

Being a portion that the same real estate conveyed unto N. M. Oxier and Ruby Oxier by Err B. Ramsburg and Alma Gay Ramsburg, his wife, by deed dated the 13th day of February, 1948, of record in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 101, at page 76, to which deed reference is here made and had.

The description in this deed is somewhat ambiguous, but it appears to be the same property described as 0.142 acres, more or less, in the deed for Property No. 4 to Cowen Public Service District of record in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 233, at page 222. Thus, there are two deeds to Cowen Public Service District for this Property No. 4.

d) A "Plat of Survey Showing Property of Cowen Public Service District" dated January 21, 2010, is recorded in said Clerk's Office in Map Book No. 3, at page 82. We have relied on that plat to confirm the locations and contiguity of Property Nos. 2, 3, 4, and 5. We note that according to such plat, certain improvements on that property encroach onto adjoining property. A copy of that Plat is attached hereto as "Exhibit I" for your consideration.

PROPERTY NO. 5: PART OF SEWER PLANT SITE

NEW LOT
SEWER PLANT-4
3.616 AC SURF WELCH GLADE
GLADE DISTRICT
TAX MAP 4R, PARCEL 67
DB/PG: 273/116
DEED DATED: 1/10/2008
RECORDED: 4/7/2000
DB/PG NO.: 273/116

Description (Property No. 5): All that certain tract or parcel of land situate near Cowen on the waters of long Glade in Glade District of Webster County, West Virginia, and more particularly bounded and described as follows, to-wit:

> BEGINNING at a stake in B & O right of way on South side of railroad, near the end of the switch and running N. 80 W. 17.13 poles to a stake by a sign board at the intersection of Birch & Camden roads; thence with the Camden road S. 33 1/2 W. 26 poles to a stake; thence S. 14 1/4 E. 31 poles to a stake in B & O right of way; thence with the same N. 18 3/4 E. 22 poles to a stake; N. 30 1/2 E. 32.1 poles to the beginning, containing 3 3/4 acres, **EXCEPTING AND RESERVING THEREFROM**, however, that certain 0.79 acre tract conveyed to Cowen Public Service District by J. H. Huber Corporation in the deed recorded in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 163, at page 143;

and being the same tract or parcel of land conveyed to Cowen Public Service District by Beckwith Lumber Company, Inc., by deed dated January 10, 2008, and of record in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 273, at page 116.

Title Comments:

a) A "Plat of Survey Showing Property of Cowen Public Service District" dated January 21, 2010, is recorded in said Clerk's Office in Map Book No. 3, at page 82. We have relied on that plat to confirm the locations and contiguity of Property Nos. 2, 3, 4, and 5. We note that according to such plat, certain improvements on that property encroach onto adjoining property. A copy of that Plat is attached hereto as "Exhibit I" for your consideration.

b) Property Nos. 2, 3, and 5 are subject to a Right of Way Agreement dated March 13, 1952, and recorded in Deed Book 111, at page 39, from Birch River Coal and Coke Company to Monongahela Power Company granting a right-of-way or easement for the construction, operation, maintenance, alteration, or removal of an electric distribution system and telephone system over, across and upon property situate in Glade District, Webster County, West Virginia.

c) Property Nos. 2, 3, and 5 are subject to a Distribution Line Easement dated August 24, 1979, and recorded in Deed Book No. 187, at page 479, from Allegheny Pittsburgh Coal Company to Monongahela Power Company granting a right-of-way or easement for the construction, operation, maintenance, repair, alteration, reconstruction and removal of an electric distribution system and telephone system over property situate in Glade District, Webster County, West Virginia.

d) Property Nos. 2, 3, and 5 are subject to a Distribution Line Easement dated January 22, 1991, and recorded in Deed Book No. 220, at page 662, from East Kentucky Energy Corporation to Monongahela Power Company granting a right-of-way or easement for the construction, erection, operation, maintenance, repair, alteration, reconstruction and removal of an electric distribution system and telephone system over property situate in Glade District, Webster County, West Virginia.

e) By deed dated March 30, 2000, and of record in Deed Book No. 249, at page 146, from East Kentucky Energy Corporation to Beckwith Lumber Company, Inc. the grantor conveyed only the surface and timber of certain property, including Parcel No. 5. The grantor reserved all the minerals and certain appurtenant surface rights related to mineral development on said property. A copy of the Reservations and Exceptions attached to that deed is attached hereto as "Exhibit II."

f) A Memorandum of Lease dated March 1, 1991, and recorded in Lease Book No. 22, at page 663, reflects that Parcel 5 is subject to a coal lease from East Kentucky Energy Corporation to Evergreen Mining Company. A copy of that Memorandum is attached as "Exhibit III."

PROPERTY NO. 6: WILLIAMS RIVER LIFT STATION – 1

1600 SQ FT PRICE GLADE RUN
GLADE DISTRICT
TAX MAP 5R, PARCEL 39.2
DB/PG: 163/149
DEED DATED: 8/17/1968
RECORDED: 1/4/1973

Description (Property No. 6): All that certain tract or parcel of land situate in Glade District, Webster County, West Virginia, more particularly bounded and described as follows, to-wit:

> BEGINNING at an iron pin located 10 feet from the western edge right of way of Secondary Route 46 near the junction of Secondary Route 46 and Secondary Route 15/7; thence in a northeastern direction 40 feet to an iron pin; thence at right angles 40 feet to an iron pin; thence at right angles 40 feet to an iron pin; thence at right angles 40 feet to the beginning, containing 1600 square feet, more or less, together with the right of ingress and egress from the aforedescribed property to Secondary Route 46,

and being the same tract or parcel of land conveyed to Cowen Public Service District by Johnstown Coal & Coke Company by deed dated August 17, 1968, and of record in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 163, at page 149.

Title Comments:

a) The coal, oil, and gas in and underlying Property No. 6 was excepted and reserved in the deed dated August 17, 1968, and of record in said Clerk's Office in Deed Book No. 163, at page 149, from Johnstown Coal & Coke Company to Cowen Public Service District.

b) By Right of Way Agreement dated December 29, 1965, of record in said Clerk's Office in Deed Book No. 145, at page 399, Johnstown Coal and Coke Company granted to Monongahela Power Company a right-of-way or easement for the construction, reconstruction, operation, maintenance, or removal of a transmission and distribution system including private telephone circuits, over, across, and upon lands situate in Glade District, Webster County, West Virginia.

PROPERTY NO. 7: WILLIAMS RIVER LIFT STATION – 2

.735 AC PRICE GLADE RUN
GLADE DISTRICT
TAX MAP 5R, PARCEL 39.4
DB/PG: 233/224
DEED DATED: March 22, 1995
RECORDED: April 19, 1995

Description (Property No. 7): All that certain lot, tract and parcel of real estate, situate near the Town of Cowen, in Glade District, Webster County, West Virginia, and more particularly bounded and described as follows, to-wit:

> BEGINNING, at an "X" cut in a boulder on the easterly right of way of the B & O Railroad (Deed Book 17, Page 411), 30 feet from the center line of the tracks, thence; N 71-13-48 E. 115.91 feet, crossing the road to the J. F. Smith Subdivision No. 6 at 45 feet, to a 3/4" Rebar, set, in the ditch on the southerly right of way of WV Secondary Route 46, 20 feet from the center, from which N. 15 E., 11.3 feet bears the southwest corner of the bridge wall, thence; N. 85-01-54 E., 43.45 feet to a 3/4" Rebar, set, on the right of way, corner to the Cowen PSD (DB 164, Pg 149), from which N. 85 W. 7.5 feet bears Power Pole #MP4866, thence with the Cowen PSD Lot: S. 05-04-35 E. 40.00 feet to a 3/4" Rebar, set, thence; N. 85-02-55 E. 40.00 feet to a 3/4" Rebar, set, thence; N. 05-04-35 W. 40.00 feet to a railroad spike, set, at the intersection of the Williams River Road on the westerly right of way, 20' from the center, thence with the right of way; S. 33-26-46 E. 181.49 feet to a 3/4" Rebar, set, on the right of way, from which S. 20 E. 2.45 feet bears a 12" Maple, thence leaving the road and going through the property; S. 62-11-13 W. 142.05 feet to a 1/4 x 1-1/2" Flat Steel Bar, set, on the said B&O Railroad right of way on a curve to the left with a radius of 1462.69 feet, thence; with the Curve, 241.05 feet to the point of beginning, containing 0.735 acres, as surveyed in April of 1994 by Rickford Walton PS 856,

and being the same lot, tract and parcel of land conveyed to Cowen Public Service District by Howard Sanson and Margret Sanson, his wife, by deed dated March 22, 1995, and of record in the Office of the Clerk of the County Commission of Webster County, in Deed Book No. 233, at page 224.

Title Comments:

By instrument dated December 12, 1977, of record in Deed Book No. 180, at page 430, Richard R. Hinkle and Judy Hinkle, his wife, the then owner of Property No. 7, conveyed to Cowen Public Service District a perpetual right of way and easement over, along, across and under lands situate in "Glade View, Glade District, J. Frank Smith addition," for the construction, maintenance, operation, repair and replacement of a public sewage collection and disposal system.

PROPERTY NO. 1

Deed Book No. 231, at page 584

Old Office
Maintenance Bldg.

BOOK 231 Page 584

NO FEE CHARGED

THIS DEED, made this 22nd day of September, 1994, by and between THE WEBSTER COUNTY COMMISSION, a statutory corporation, party of the first part, grantor, and COWEN PUBLIC SERVICE DISTRICT, a West Virginia Corporation, party of the second part, grantee,

W I T N E S S E T H:

THAT, for and in consideration the sum of Ten Dollars ($10.00), cash in hand paid, and other good and valuable consideration valid in law, but not hereinafter set forth, receipt of all of which is hereby acknowledged, the party of the first part does hereby grant, bargain, sell and convey with covenants of GENERAL WARRANTY of title, unto the said party of the second part, the following lot, tract and parcel of real estate situate in Cowen, near First Street West and near the old Cowen High School, Glade District of Webster County, West Virginia, and more particularly bounded and described as follows, to-wit:

BEGINNING at an iron pipe, found, a corner to G. Berthy, Will Book No. 11 at page 473, and corner to Webster Properties, Deed Book No. 181 at page 177 (181/177) of which this parcel is a part; thence with Berthy for one call N. 88-27-30 E. 85.24 feet to a point, a 1/2 inch reinforcing rod (rebar) set this survey; thecne with 2 lines interior to said Webster Properties parcel S. 19-51-14 E. 62.60 feet to a point at the northerly edge of a right of way into said parcel (reference is hereby made to the attached plat), a 1/2 inch rebar set this survey; thence with said edge S. 70-08-46 W. 110.51 feet to a point in a line of said Berthy, a 1/2 inch rebar set this survey; thence leaving said right of way edge with Berthy for on e call N. 1-32-29 W. 94.15 feet to the beginning, containing 7,472.2 square feet, more or less, as surveyed in August, 1981 by Michael G. Wheeler, L.L.S. and as shown on a plat attached hereto and made a part hereof.

And being the same real estate conveyed unto The Webster County Commission, a statutory corporation, by

Webster Properties, Inc., a corporation, by deed bearing date the 10th day of September, 1981, of record in the Office of the Clerk of the County Commission of Webster County, West Virginia in Deed Book No. 192 at page 130.

Pursuant to an Order entered of record and as shown and set forth in the minutes of the regular meeting of the County Commission of Webster County, West Virginia, held on the 5th day of July, 1994, wherein and whereby the sale herein was authorized and directed. The aforesaid party of the first part doth hereby, make, execute and deliver this deed.

This conveyance is hereby expressly made subject to any and all exceptions, reservations, conditions and limitations in the record chain of title of the real estate hereby conveyed and to any and all outconveyances of prior record, and the same, if any there be, shall herewith and automatically become a part of this deed.

Witness the following signature:

THE WEBSTER COUNTY COMMISSION, a statutory corporaiton

BY Ernest F. Cogar
Its President

STATE OF WEST VIRGINIA,

COUNTY OF WEBSTER, to-wit:

I, Terry J. Payne, a Notary Public in and for the State and County aforesaid, do hereby certify that The Webster County Commission, a statutory corporation, whose name is signed to the foregoing deed, bearing date the 22nd day of September, 1994, has this day acknowledged the same to be the act and deed of said corporation.

BOOK 23[illegible] 5[illegible]

DECLARATION OF CONSIDERATION OF VALUE

Under the penalties of fine and imprisonment as provided by law the undersigned presents for recordation and represents that he is familiar with the property transferred by this document to which this declaration is appended and to the best of his knowledge and belief the true and actual value of the property is $ 10.00 .

Given under my hand this 4th day of October, 1994.

Ernest F. Cyrus, President, Webster County Commission
Party presenting document for recordation

ADDRESS: 2 Court Square, Room G-1; Webster Springs, WV 26288

THIS DOCUMENT PREPARED BY: ERNEST V. MORTON, JR., L.C.
Attorneys at Law
210 Back Fork Street
Webster Springs, WV 26288

PLAT OF SURVEY

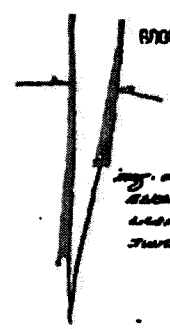
BOOK 192 PAGE 133

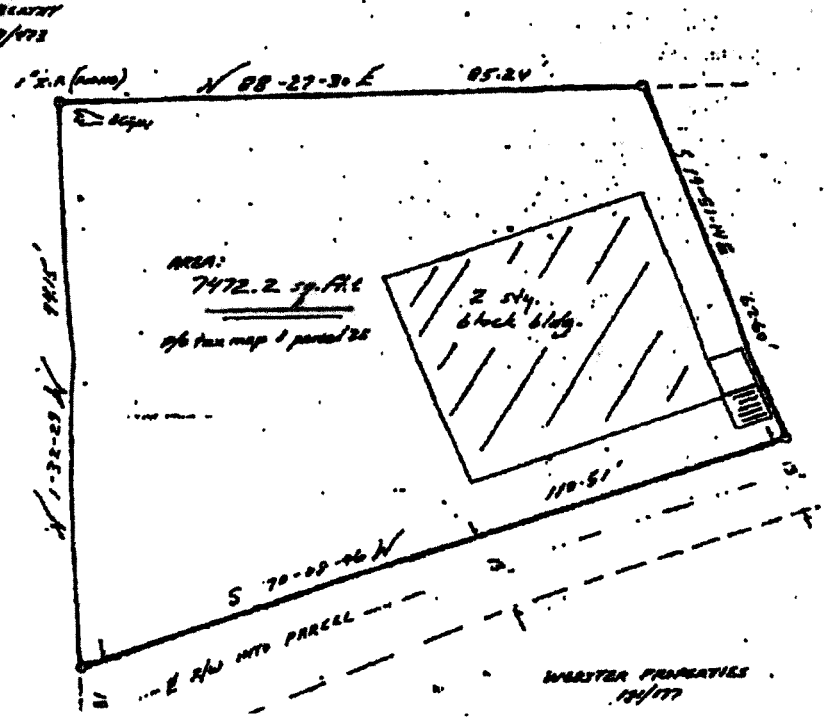
for

WEBSTER COUNTY COMMISSION

COWEN, WV

BEING A PART OF THE SAME PARCEL OF LAND CONVEYED TO WEBSTER PROPERTIES BY WEBSTER CO. BD. OF EDUCATION BY DEED DATED DEC. 16, 1973 AND RECORDED IN THE OFFICE OF COUNTY CLERK, WEBSTER CO., WV IN DEED BOOK 171 AT PAGE 177.





PROPERTY NO. 2

Deed Book No. 231, at page 385

Sewer Pl

part of sewer plant

10 ft property back of SW plant

BOOK 231 PG 385

8402

THIS QUITCLAIM DEED, made this 18th day of February, 1994, by and between EAST KENTUCKY ENERGY CORPORATION, a Kentucky corporation, party of the first part, grantor, and COWEN PUBLIC SERVICE DISTRICT, a West Virginia statutory corporation, party of the second part, grantee.

W I T N E S S E T H:

THAT, for and in consideration of the sum of One Dollar ($1.00), cash in hand paid, by the party of the second part to the party of the first part, the receipt whereof is hereby acknowledged, the said party of the first part does hereby grant, bargain, sell and convey and forever quit claim unto the said party of the second part, Cowen Public Service District, a West Virginia statutory corporation, all its right, title and interest in and to that certain lot, tract and parcel of real estate, situate in Glade District of Webster County, West Virginia, and more particularly bounded and described as follows, to-wit:

BEGINNING at a point, said point located on the southern most corner of Parcel 64.2 situated near the intersection of State Route 82 and State Route 20; thence S. 52° E. 30.0' to a point in western right-of-way of CSX railray; thence with railray right-of-way N. 30° 30' E. 286.9' to a point; thence leaving said right-of-way N. 80° W. 11.0' to a point said point being eastern most corner of Parcel 64.2; thence with eastern line of Parcel 64.2 S. 39° W. 282.0' to the beginning, containing 0.134 acres, more or less.

And being part of the same tract of real estate conveyed unto Alleghany Pittsburgh Coal Company, the predecessor corporation of the party of the first part by deed of record in the office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book 133 at page 391.

This conveyance is hereby expressly made subject to any and all exceptions, reservations, conditions and limitations in the record chain of title of the real estate hereby conveyed, and to any and all outconveyances of prior record.

WITNESS the following signature:

EAST KENTUCKY ENERGY CORP.

BY: [signature]

ITS: President

BOOK 231 PG 386

STATE OF ILLINOIS,
COUNTY OF ST. CLAIR, to-wit:

I, JEANETTE M. TIMMERMANN, a Notary Public in and for the State and County aforesaid, do hereby certify that Stephen H. Ernest, who signed the deed and writing above, bearing date the 18th day of February, 1994, as President of EAST KENTUCKY ENERGY CORPORATION, a Kentucky corporation, has this day in my said county, before me, acknowledged the same to be the act and deed of said corporation.

Given under my hand and notarial seal this 17th day of August, 1994.

OFFICIAL SEAL
JEANETTE M TIMMERMANN
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXPIRES [illegible]

(SEAL)

Jeanette M Timmermann
Notary Public

My commission expires: 12-1-97.

This document prepared by:
WITHOUT TITLE OPINION

HOWARD J. BLYLER
Attorney At Law
PO Box 217
Cowen, WV 26206-0217

DECLARATION OF CONSIDERATION OF VALUE

Under the penalties of fine and imprisonment as provided by law the undersigned presents for recordation and represents that he is familiar with the property transferred by this document to which this declaration is appended and to the best of his knowledge and belief the true and actual value of the property transferred thereby is $ [illegible].

Given under my hand this 1st day of Sept, 1994.

Party presenting document for recordation

Address: Cowen

STATE OF WEST VIRGINIA, Webster County

Commission Clerk's Office September 1, 1994

The foregoing Quitclaim Deed together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste: Terry J. Payne Clerk

[illegible] 99128C-[illegible]

PROPERTY NO. 3

Deed Book No. 163, at page 143

Sw Plant Sewer Plant 2

163/143

5851

THIS DEED, made this the 6th day of May, 1969, by and between J. M. HUBER CORPORATION, a corporation organized under the laws of the State of New Jersey with its principal office and place of business at Rumson, Monmouth County, New Jersey and authorized to do business in the State of West Virginia, party of the first part, and COWEN PUBLIC SERVICE DISTRICT, a public service district organized and existing under the laws of the State of West Virginia, for the purpose of supplying water and treatment of sewage to and for the residents of Webster County, West Virginia, party of the second part,

W I T N E S S E T H :

That for and in consideration of the sum of Five Hundred ($500.00) Dollars cash in hand paid unto the party of the first part by the party of the second part, the receipt of which is hereby acknowledged, and other good and valuable consideration, the said party of the first part does grant, bargain, sell and convey, with covenants of special warranty, unto the said party of the second part, the following described tract and parcel of real estate in Glade District, Webster County, West Virginia, more particularly described as follows, to-wit:

> BEGINNING at a stake in the south side of the Baltimore and Ohio Railroad right of way near the end of a switch which is the J. M. Huber Corporation corner, thence N. 80° W. 11 feet to a stake and the point of beginning, thence N. 80° W. 91.5 feet to a stake beside of highway, thence with said highway S. 66° W. 162.0 feet to a stake, thence running with highway S. 63° W. 97.0 feet to a stake, thence S. 52° E. 223.0 feet to a stake, thence N. 39° E. 282.0 feet to the beginning, containing .79 acres, more or less, a plat of which is attached hereto and made a part of this deed.

Being a portion of the same real estate designated as "Tract K" conveyed unto J. M. Huber Corporation by Birch River Coal and Coke Company by deed dated the 30th day of November, 1960, of record in the Office of the Clerk of the County Court of Webster County, West Virginia, in Deed Book No. 133 at page 391, to which deed reference is here made and had.

There is expressly excluded from this conveyance and reserved by the Grantor herein all of the minerals in, on, and under said conveyance that may be produced from the land by any method other than and excepting actual surface excavation of earth on or within one hundred (100) feet of the property herein conveyed. The word "minerals" as used herein includes by way of illustration only and not by way of limitation, coal, stone, marble, phosphate, rock, iron, commercial clays, water, slates, metal or other ores, salt, gas, oil and all other natural products or substances of any kind.

This conveyance is made subject to that certain easement from J. M. Huber Corporation to Elk Soil Conservation District of Sutton, dated February 5, 1968, of record in the Office of the Clerk of the County Court of Webster County, West Virginia, in Deed Book No. 150, at page 145, to which reference is here made

This conveyance is further made subject to all rights of way, exceptions, reservations, conditions, limitations and requirements contained in prior deeds to the above described real estate of record in the aforesaid Clerk's Office.

IN WITNESS WHEREOF, J. M. Huber Corporation, a corporation, has caused its corporate name to be signed and attested, and its corporate seal hereunto affixed by its duly authorized officers, as of the day and year first above written.

J. M. HUBER CORPORATION,
a corporation,

By _____
Its President

ATTEST:

_____
Secretary

Page 2*

STATE OF New Jersey,

COUNTY OF Monmouth, to-wit:

I, Mary C. Wheaton, a Notary Public in and for the County and State aforesaid, do certify that _____ M. W. Huber who executed the deed and writing above, bearing date the 6th day of May, 1969, as President of J. M. Huber Corporation, a corporation, and Spencer W. Pitts, who attested the same as Secretary of said corporation, have each this day acknowledged the same before me to be the act and deed of said corporation.

Given under my hand this the 6th day of May, 1969.

Mary C. Wheaton
Notary Public

My commission expires _____.

SEAL

"Declaration of Consideration of Value"

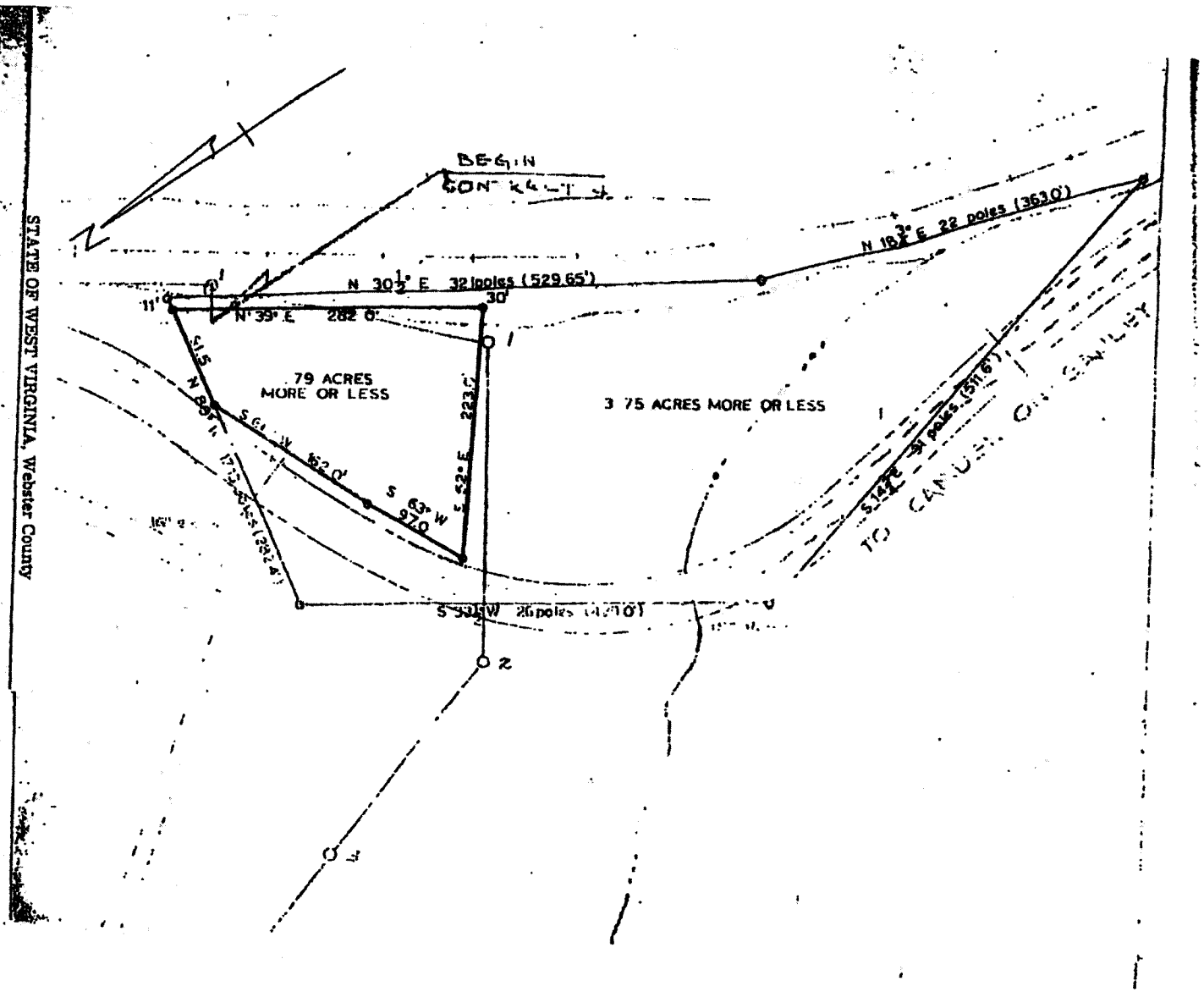
Under the penalties of fine and imprisonment as provided by law the undersigned does hereby declare that the transfer involved in the document to which this declaration is appended is not subject to the State excise tax upon the privilege of transferring real estate for the reason designated as follows: Transfer to a political subdivision of the State of West Virginia.

Given under my hand this the 5th day of Jan, 1973.

Cowen Public Service District
Fav. Randell J. Bragg Jr.
Party presenting document for recordation
Address Cowen, W.Va. 26206

Deed prepared by:
A. L. Sommerville, Jr.
Attorney at Law
Webster Springs, West Virginia

ADMITTED TO RECORD
'73 JAN -5 PM 1:19



STATE OF WEST VIRGINIA, Webster County

PROPERTY NO. 4

Deed Book No. 233, at page 222

SW Plant #3

233/22

BOOK 233 PG 222

9777

THIS DEED, made this 17th day of February, 1994, by and between DAVID G. WAYNE and LINDA J. WAYNE, his wife, parties of the first part, grantors, and COWEN PUBLIC SERVICE DISTRICT, a statutory corporation, party of the second part, grantee.

W I T N E S S E T H:

THAT, for and in consideration of the sum of One Dollar ($1.00), cash in hand paid, by the party of the second part to the parties of the first part, the receipt whereof is hereby acknowledged and other good and valuable consideration not herein stated but valid in law, the said parties of the first part, do hereby grant, bargain, sell and convey, with covenants of general warranty of title unto the said parties of the second part, COWEN PUBLIC SERVICE DISTRICT, a statutory corporation, that certain lot, tract and parcel of real estate, situate in Glade District of Webster County, West Virginia, and more particularly bounded and described as follows, to-wit:

BEGINNING at a point, said point located on the southwestern most corner of portion of Parcel 64 located on west side of WV Rt. 20, situated near the intersection of State Route 82 and State Route 20; thence with Rt. 20 right-of-way N. 63° E. 92.96' to a point; thence continuing with right-of-way N. 55° E. 111.07' to a point at intersection of Rt. 20 right-of-way and CSX Railway right-of-way; thence leaving said Rt. 20 right-of-way and with CSX right-of-way S. 30° 30' W. 143.58' to a point leaving CSX right-of-way N. 80° W. 102.5' to the BEGINNING, containing 0.142 acres, more or less, and being part of the same tract of real estate conveyed unto David G. Wayne and Linda J. Wayne, his wife, by deed dated the 21st day of April, 1989, from Ronald D. Moak, widower, recorded in the office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book 214 at page 512.

This conveyance is hereby expressly made subject to any and all exceptions, reservations, conditions and limitations in the record chain of title of the real estate hereby conveyed, and to any and all outconveyances of prior record.

WITNESS the following signatures:

David G. Wayne
DAVID G. WAYNE

Linda J. Wayne
LINDA J. WAYNE

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

I, [signature], a Notary Public in and for the State and County aforesaid, do hereby certify that DAVID G. WAYNE and LINDA J. WAYNE, his wife, whose names are signed to the foregoing Deed, bearing date the 17th day of February, 1994, have this day acknowledged the same before me in my said State and County.

Given under my hand and seal this 5th day of ~~February~~ April, 1994.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DONNA J. CRITES
P. O. BOX [illegible]
COWEN, WV [illegible]
My Commission Expires August [illegible]

[signature]
Notary Public

My commission expires: Aug. 22, 2000.

This document prepared by:
WITH TITLE OPINION

HOWARD J. BLYLER
Attorney At Law
PO Box 217
Cowen, WV 26206-0217

DECLARATION OF CONSIDERATION OF VALUE

Under the penalties of fine and imprisonment as provided by law the undersigned does hereby declare that the transfer involved in the document to which this declaration is appended is not subject to the State excise tax upon the privilege of transferring real estate for the reason as follows:

1. Is not subject to tax as it is a deed to a governmental entity.

Given under my hand this 19th day of ~~February~~ April, 1995.

Cowen Public Service Dist.
Party presenting document for recordation

P.O. Box 457
Address: Cowen, WV 26206

95 APR 19 AM 11:33

STATE OF WEST VIRGINIA, Webster County

Commission Clerk's Office April 19, 1995

The foregoing Deed together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste: Terry J. Payne Clerk

PROPERTY NO. 5

Deed Book No. 273, at page 116

#4

273
116

Beckwith Lumber Donation to Sew Plant

New Lot at Sewer Plant

THIS DEED, made this 10th day of January, 2008, by and between BECKWITH LUMBER COMPANY, INC., a West Virginia Corporation, party of the first part, grantor, and COWEN PUBLIC SERVICE DISTRICT, a Statutory Corporation, party of the second part, grantee, of Webster County, West Virginia.

WITNESSETH:

THAT, for and in consideration of the sum of Ten Dollars ($10.00), cash in hand paid, the receipt whereof is hereby acknowledged, the said parties of the first part do hereby grant, bargain, sell and convey, with covenants of GENERAL WARRANTY of title, unto the said party of the second part, COWEN PUBLIC SERVICE DISTRICT, the following lot, tract and parcel of real estate, situate near Cowen on the waters of Long Glade in Glade District of Webster County, West Virginia, and more particularly bounded and described as follows, to-wit:

Beginning at a stake in B & O right of way on South side of railroad, near the end of the switch and running N. 80 W. 17.13 poles to a stake by a sign board at the intersection of Birch & Camden roads; thence with the Camden road S. 33 ½ W. 26 poles to a stake; thence S. 14 ¾ E. 31 poles to a stake in B & O right of way; thence with the same N. 18 ¾ E. 22 poles to a stake; N. 30 ½ E. 32.1 poles to the beginning, containing 3 ¾ acres.

And being the same tract of real estate conveyed unto the party of the first part, by deed dated the 30th day of March 2000, from East Kentucky Energy Corporation, which deed is of record in the Office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book No. 249, at Page 146. Included within the boundary hereof is a certain 0.79 acre tract heretofore conveyed to the party of the second part by J. H. Huber Corporation as set forth in the aforesaid Clerk's Office in Deed Book 163 at Page 143.

This conveyance is hereby expressly made subject to any and all exceptions, reservations, conditions and limitations in the record chain of title of the real estate hereby conveyed, and to any and all outconveyances of prior record.

WITNESS the following signatures:

BECKWITH LUMBER COMPANY INC.

Ralph W. Beckwith

By its President

STATE OF WEST VIRGINIA,
COUNTY OF ~~[illegible]~~ POCAHONTAS to-wit:

I, Joyce Hughes, a Notary Public in and for the State and County aforesaid, do hereby certify that BECKWITH LUMBER COMPANY INC., by Ralph W. Beckwith, its PRESIDENT, whose name is signed to the foregoing deed and writing bearing date the 10th day of January, 2008, have this day acknowledged the same before me in my said State and County.

Given under my hand and seal this 25th day of January, 2008.

Joyce Hughes
Notary Public

OFFICIAL SEAL
Notary Public
State of West Virginia
Joyce Hughes
Rt. 1, Box 50-A
Huttonsville, WV 26273
My Commission Expires July 20, 2008

My commission expires July 26, 2008

This document prepared by:
WITHOUT TITLE OPINION

HOWARD J. BLYLER
Attorney At Law
PO Box 217
Cowen, WV 26206-0217

DECLARATION OF CONSIDERATION OF VALUE

Sixteen Thousand Five Hundred Dollars ($16,500.00).

The undersigned grantee hereby declares that it is not subject to taxation as this is a conveyance to a West Virginia Statutory Corporation

Given under my hand this 1 day of April, 2008.

Garnet Lamble Chairperson
Party presenting document for recordation Cowen Public Service District

Address: Cowen WV 26206

BECKWITH LUMBER COMPANY

West Virginia Code §§11-22-6, 11A-3-2 & 11A-3-3 (Amended 3-11-95) Revised 12/03

County: Webster

Tax Map No.(s): 4R Taxing District: Glade

Tax Map No.(s): Parcel(s): 67

Assessor Account No.: Parcel(s):

Grantor's Name: Beckwith Lumber Co. Inc.

Grantee's Name: Cowen Public Service District Phone No. ( ) -

Mailing Address of New Owner: Phone No. ( ) -

Most Recent Previous Deed Book No.: 163 Page No. 143

Grantor's Source of Title:

(If not by "Previous Deed" referenced above.)

Consideration/Value (a) Real Estate: $ (b) Other Valuable Goods/Services: (If Applicable) $0.00

Lot Size or Acreage Involved: 3 3/4 acres

Estate(s) Transferred:

(Examples: Fee, Surface, Mineral, Coal, etc.)

(1) Was this transaction on the open market? Yes / No (Circle One)
(2) Does this transaction involve more than one parcel? Yes / No (Circle One)
(3) Was this sale between related individuals or related corporations? Yes / No (Circle One)
(4) Was this a liquidation, foreclosure or other "Forced" sale? Yes / No (Circle One)
(5) Is this transaction pursuant to a land contract or owner financing? Yes / No (Circle One)
(6) Does this transaction include personal property? Yes / No (Circle One)
(7) Does this transaction include minerals and/or timber? Yes / No (Circle One)
(8) Any other financing arrangements materially affecting consideration? Yes / No (Circle One)

If "No" to Question 1 or "Yes" to Questions 2 - 8 above, please explain below:

Printed Name Signature Phone Number

Filed By (check one): ☐ Buyer ☐ Seller ☐ Agent/Attorney ☐ Other

LIENHOLDER INFORMATION (OPTIONAL)

☐ Check if change of name or address

Name:

Address for Notice:

INTEREST IN PROPERTY

_____ Surface Owner's Rights
_____ Fiduciary Interest
_____ Lienholder
_____ Other

Deed Book: Page No.:
Relationship to Owner:
Trust Deed Book No.: Page No.:

To Be Completed By County Clerk:
Stamp Fee Paid:
Date Recorded:
New Deed Book No.:
New Deed Book Page No.:
Date of Transaction:

Sheriff's Use Only
Date Received:
Effective Dates of Lien:
Date Entered:
Entered By:
Tax Ticket No.:

RELEASE OF LIEN

COMPLETE THIS SECTION IF YOU ARE RELEASING THIS LIEN

Date Lien Is Released:

Signature of Lienholder:

COPIES: WHITE - ASSESSOR CANARY - SHERIFF PINK - TAX COMMISSIONER GOLDENROD - PREPARER NCF-5608 1/6/04

PROPERTY NO. 6

Deed Book No. 163, at page 149

Williams River lift St #1

63/149

5153

THIS DEED, made this the 17th day of August, 1968, by and between JOHNSTOWN COAL & COKE COMPANY, a corporation of the State of Delaware and authorized to business in the State of West Virginia, party of the first part, and COWEN PUBLIC SERVICE DISTRICT, party of the second part,

W I T N E S S E T H :

That for and in consideration of the sum of One ($1.00) Dollar cash in hand paid unto the party of the first part by the party of the second part, the receipt of which is hereby acknowledged, and other good and valuable consideration, the said party of the first part does grant, bargain, sell and convey, with covenants of special warranty, unto the said party of the second part, the following tract and parcel of real estate situate in Glade District, Webster County, West Virginia, more particularly described as follows, to-wit:

> BEGINNING at an iron pin located 10 feet from the western edge right of way of Secondary Route 46 near the junction of Secondary Route 46 and Secondary Route 15/7; thence in a northeastern direction 40 feet to an iron pin; thence at right angles 40 feet to an iron pin; thence at right angles 40 feet to an iron pin; thence at right angles 40 feet to the beginning, containing 1600 square feet, more or less, together with the right of ingress and egress from the aforesescribed property to Secondary Route 46, and being a part of 3.42 acres designated as Tract 6(c) and conveyed unto the party of the first part by Williams River Coal Company, a corporation, by deed dated

the 30th day of June, 1960, of record in the Office of the Clerk of the County Court of Webster County, West Virginia, in Deed Book No. 132 at page 397, to which deed reference is here made and had.

There is however EXCEPTED and RESERVED from this conveyance all the coal, oil and gas in and underlying the aforedescribed tract of real estate.

IN WITNESS WHEREOF, Johnstown Coal & Coke Company, a corporation, has caused its corporate name to be signed and attested, and its corporate seal hereunto affixed by its duly authorized officers, as of the day and year first above written.

JOHNSTOWN COAL & COKE
COMPANY, a corporation,

By John N. Crichton

Its President

ATTEST:

Edgar M. Ellenberger

Secretary

SEAL

Page 3*

BOOK 183 PAGE 151

STATE OF PENNSYLVANIA,

COUNTY OF CAMBRIA, to-wit:

I, Florence M. James, a Notary Public in and for the County and State aforesaid, do certify that John N. Crichton, who executed the deed and writing above, bearing date the 17th day of August, 1968, as President of Johnstown Coal & Coke Company, a corporation and Edgar M. Ellenberger, who attested the same as Secretary of said corporation, have each this day acknowledged the same before me to be the act and deed of said corporation.

Given under my hand this the 27 day of August, 1968.

Florence M. James
Notary Public Johnstown,
Cambria County, Pa.

My commission expires Feb. 16, 1969.

SEAL

"Declaration of Consideration of Value"

Under the penalties of fine and imprisonment as provided by law the undersigned does hereby declare the true and actual value of the property transferred by this document to which this declaration is appended, is to the best of my knowledge and belief $25.00.

Given under my hand this the 5th day of Jan. ~~1968~~ 1973

Central Public Service District
By Lindell G. Bragg, Sr. Pres.
Party presenting document for recordation
Address Dover, W.Va. 26201

ADMITTED TO RECORD
75 JAN -5 PM 1:19
BOOK NO. PAGE NO.
NANCY C. GILLESPIE, CLERK
WEBSTER COUNTY COMPANY

Deed prepared by:
A. L. Sommerville, Jr.
Attorney at Law
Webster Springs, West Virginia

STATE OF WEST VIRGINIA, Webster County

Court Clerk's Office January 5, 1973

The foregoing Deed together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

PROPERTY NO. 7

Deed Book No. 233, at page 224

Williams River lift Station #2

HOWARD J. BLYLER
ATTORNEY AT LAW
PO BOX 217
COWEN WEST VIRGINIA 26206
(304) 226-5179

BOOK 233 PG 224

9778

THIS DEED, made this 22nd day of March, 1995, by and between HOWARD SANSON and MARGARET SANSON, his wife, parties of the first part, grantors, and COWEN PUBLIC SERVICE DISTRICT, a West Virginia statutory corporation, party of the second part, grantee, all parties of Webster County, West Virginia.

W I T N E S S E T H:

THAT, for and in consideration of the sum of Two Thousand Five Hundred Dollars ($2,500.00), cash in hand paid, by the party of the second part to the parties of the first part, the receipt whereof is hereby acknowledged, the said parties of the first part do hereby grant, bargain, sell and convey, with covenants of general warranty of title unto the said party of the second part COWEN PUBLIC SERVICE DISTRICT, a West Virginia statutory corporation, that certain lot, tract and parcel of real estate, situate near the Town of Cowen, in the District of Glade of Webster County, West Virginia, and more particularly bounded and described as follows, to-wit:

BEGINNING, at an "X" cut in a boulder on the easterly right of way of the B & O Railroad (Deed Book 17, Page 411), 30 feet from the center line of the tracks, thence; N. 71-13-48 E, 115.91 feet, crossing the road to the J. F. Smith Subdivision No. 6 at 45 feet, to a 3/4" Rebar, set, in the ditch on the southerly right of way of WV Secondary Route 46, 20 feet from the center, from which N. 15 E., 11.3 feet bears the southwest corner of the bridge wall, thence; N. 85-01-54 E., 43.45 feet to a 3/4" Rebar, set, on the right of way, corner to the Cowen PSD (DB 164, Pg 149), from which N. 85 W. 7.5 feet bears Power Pole #MP4866, thence with the Cowen PSD Lot: S. 05-04-35 E. 40.00 feet to a 3/4" Rebar, set, thence; N. 85-02-55 E. 40.00 feet to a 3/4" Rebar, set, thence; N. 05-04-35 W. 40.00 feet to a railroad spike, set, at the intersection of the Williams River Road on the westerly right of way, 20' from the center, thence with the right of way; S. 33-26-46 E. 181.49 feet to a 3/4" Rebar, set, on the right of way, from which S. 20 E. 2.45 feet bears a 12" Maple, thence leaving the road and going through the property; S. 62-11-13 W. 142.05 feet to a ¼ x 1-½" Flat Steel Bar, set, on the said B&O Railroad right of way on a curve to the left with a radius of 1462.69 feet, thence; with the Curve, 241.05 feet to the point of beginning, containing 0.735 acres, as surveyed in April of 1994 by Rickford Walton PS 856.

And being the same tract of real estate conveyed unto Howard Sanson and Margaret Sanson, his wife, by deed dated the 5th day of August, 1994, from Audra E. Refitt, Trustee, et. al. of the Pentecostal Church of God, WV District, which deed is of record in the office of the Clerk of the County Commission of Webster County, West Virginia, in Deed Book 231 at page 330.

This conveyance is hereby expressly made subject to any and all exceptions, reservations, conditions and limitations in the record chain of title of the real estate hereby conveyed, and to any and all outconveyances of prior record.

WITNESS the following signatures:

HOWARD SANSON

MARGARET SANSON

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

I, Vicky V. Cox, a Notary Public in and for the State and County aforesaid, do hereby certify that HOWARD SANSON and MARGARET SANSON, his wife, whose names are signed to the deed and writing above, bearing date the 22nd day of March, 1995, have this day acknowledged the same before me in my said State and County.

Given under my hand and seal this 18th day of April, 1995.

Notary Public

My commission expires: 9-19-2000.

This document prepared by:
WITHOUT TITLE OPINION

HOWARD J. BLYLER
Attorney At Law
PO Box 217
Cowen, WV 26206-0217

BOOK 233 PG 226

DECLARATION OF CONSIDERATION OF VALUE

Under the penalties of fine and imprisonment as provided by law the undersigned presents for recordation and represents that he is familiar with the property transferred by this document to which this declaration is appended and to the best of his knowledge and belief the true and actual value of the property transferred thereby is $2,500.00.

Given under my hand this 19th day of April, 1995.

Cowen Public Service Dist.
Party presenting document for recordation

P.O. Box 457
Address: Cowen, WV 26206

95 APR 19 AM 11:33

STATE OF WEST VIRGINIA, Webster County

Commission Clerk's Office April 19, 1995

The foregoing Deed together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste: Terry J. Payne Clerk

[illegible] INC., SPENCER, W. VA. RE-ORDER NO. 764C-94

Position 5

Form RD 442-22
(Rev. 10-96)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

FORM APPROVED
OMB NO. 0575-0015

OPINION OF COUNSEL RELATIVE TO RIGHTS-OF-WAY

Date 03-01-2013

Dear Sir:

I have reviewed the action taken by Cowen Public Service District (hereinafter called the "Corporation") in obtaining a right-of-way for the construction, operation, and maintenance of the facilities to be installed, repaired, or enlarged with the proceeds of a loan made or insured by, and/or a grant from Rural Development to the Corporation. I have examined the right-of-way instruments, permits, or licenses obtained from landowners, public bodies, and public utilities and made such searches of the public records necessary to determine the legal sufficiency of the instruments covered by the "Right-of-way

Certificate," executed by the Corporation on See Note 1, 20 _____. I also have examined the "Right-of-way Map" to determine whether continuous and adequate land and rights-of-way are owned or have been acquired by the instruments covered in the "Right-of-way Certificate".

Based on the foregoing examination, and to the best of my knowledge, information, and belief, I am of the opinion that:

A. The legal instruments by which the Corporation has acquired said rights-of-way (a) are in appropriate and due legal form and adequately confer upon the Corporation the necessary rights-of-way for the construction, operation, and maintenance of its facilities in their present or proposed location, and such omissions or defects as may exist will in no substantial way or manner endanger the value or operation of the facilities, and (b) have each been properly recorded in the appropriate public land records of each County in which any of the land affected thereby is situated. Such consents, releases, or subordinations from lienholders recommended by me or required by Rural Development have been obtained.

B. The legal instruments referred to above give unto the Corporation a continuous and adequate right-of-way to permit the construction, operation, and maintenance of the Corporation's facilities except as below noted.

C. Exceptions:

None.

Note 1: We have examined the two recorded rights of way conveyed to Cowen Public Service District identified on Exhibit A as Property Nos. 8 and 9.

Very truly yours,

Randall C. Light

Randall C. Light

Attorney for Cowen Public Service District

Public-reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer STOP 7602, 1400 Independence Avenue, S. W. Washington, D. C. 20250-7602. ***Please DO NOT RETURN this form to this address.*** *Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.*

EXHIBIT A
TO
OPINION OF COUNSEL RELATIVE TO RIGHTS-OF-WAY
PROPERTY NOS. 8 AND 9
COWEN PUBLIC SERVICE DISTRICT

PROPERTY NO. 8:

JACK MILLER LIFT STATION EASEMENT
EASEMENT OWNER: Cowen Public Service District
PRESENT PROPERTY OWNER: Jack D. Miller and Pauline G. Miller, his wife (Parcel 43.2) and Wesley D. Miller and Angela D. Miller (Parcel 43.3)
GLADE DISTRICT
TAX MAP 4R, PARCEL 43.2 AND 43.3
EASEMENT DB/PG: 286/514
EASEMENT DATED: August 16, 2012
EASEMENT RECORDED: September 5, 2012
PROPERTY DB/PG (TM/P: 4R/43.3): 247/696
PROPERTY DEED DATED: September 21, 1999
RECORDED: October 7, 1999
PROPERTY DB/PG (TM/P: 4R/43.2): 171/459 less amount conveyed by 247/696
PROPERTY DEED DATED: October 3, 1975
RECORDED: October 11, 1975

Easement Description (Property No. 8):

Easement conveyed to Cowen Public Service District by Jack D. Miller and Pauline Miller, his wife, and Wesley D. Miller and Angela D. Miller, his wife, by Confirmation and Easement Agreement dated August 16, 2012, and of record in said Clerk's Office in Deed Book No. 286, at page 514, for the construction, maintenance, operation, repair and replacement of a public sewage collection and disposal system.

Property Description (Tax Map 4R, Parcel 43.2 and 43.3):

All that certain tract or parcel of land, situate in Glade District, Webster County, West Virginia, lying along the Birch River Road, and more particularly bounded and described as follows:

> BEGINNING at a stake 173.7 feet from the southeast corner of Jack Miller Lot described in Deed Book 146, at Page 447, thence; N69-00W – 130.5 ft., to a stake in field, thence; S25-00W – 795.3 ft., to a stake in outside line of O. R. Miller, thence; S70-00E – 93.8 ft., to a stake at edge of stream, thence with meanders of stream; N37-30E – 242.0 ft., to a stake at edge of stream, thence; N27-45E – 125.0 N 15-00E – 160.0 ft., to corner of fence, thence with fence, N26-00E – 278.5 ft., to the beginning, containing 2.43 acres, more or less,

and being the property conveyed to Jack D. Miller and Pauline Miller by O. R. Miller and Margaret Miller by deed dated October 3, 1975, and of record in said Clerk's Office in Deed Book No. 171, at page 459. By deed dated September 21, 1999, and of record in Deed Book No.

247, at page 696, Jack D. Miller and Pauline Miller conveyed to Wesley D. Miller and Angela D. Miller 1.53 acres, more or less, of the aforesaid 2.43 acres, more or less.

Title Comments:

a) In the deed dated October 3, 1975, and of record in said Clerk's Office in Deed Book No. 171, at page 459, from O. R. Miller and Margaret Miller, his wife, to Jack D. Miller and Pauline Miller, the grantors excepted and reserved all minerals, together with mining rights and privileges.

b) By Right of Way Agreement dated August 27, 1952, of record in Deed Book No. 112, at page 504, O. R. Miller and Margaret Miller, his wife, conveyed to Monongahela Power Company a right-of-way or easement for the construction, operation, maintenance, alteration, or removal of an electric distribution system and telephone system including all necessary rights to add additional wires, over, across and upon a certain tract situate in Glade District, Webster County, West Virginia.

c) By Right of Way Agreement dated January 20, 1953, of record in Deed Book No. 113, at page 466, O. R. Miller and Margaret Miller, his wife, conveyed to the Town of Cowen a right of way for a water line and main and appurtenances thereto on land situate in Glade District, Webster County, West Virginia.

d) By Right of Way dated February 4, 1964, of record in Deed Book No. 145, at page 313, Ottis R. Miller and Margaret E. Miller, his wife, conveyed to Monongahela Power Company a right-of-way or easement for the construction, operation, maintenance, alteration or removal of an electric distribution system and telephone system, over, across and upon a certain tract situate in Glade District, Webster County, West Virginia.

e) The portion of the property affected by the aforesaid easement which is owned by Wesley D. Miller and Angela D. Miller is subject to a Consumer Deed of Trust dated September 24, 1999, and recorded in Trust Deed Book No. 128, at page 153, by which Wesley D. Miller and Angela D. Miller conveyed their property to Dan O. Callaghan, trustee, to secure First Community Bank, N.A., repayment of $61,376.50.

PROPERTY NO. 9:

HIGH SCHOOL LIFT STATION EASEMENT
PRESENT PROPERTY OWNER: The Board of Education of the County of Webster
GLADE DISTRICT
TAX MAP/PARCEL NO.: GD 18-P30
PROPERTY DEED DATED: 9/14/73
RECORDED: 9/28/73
PROPERTY DB/PG NO.: 165/327
EASEMENT DB/PG: 286/575
EASEMENT DATED: August 16, 2012
EASEMENT RECORDED: September 19, 2012

Easement Description (Property No. 9):

Easement conveyed to Cowen Public Service District by Confirmation and Easement Agreement from The Board of Education of the County of Webster dated August 16, 2012, and of record in said Clerk's Office in Deed Book No. 286, at page 575, for the construction, maintenance, operation, repair and replacement of a public sewage collection and disposal system.

Property Description (Property No. 9):

All that certain tract or parcel of land situate on the waters of Given Glade Run, in the District of Glade in the County of Webster, State of West Virginia, more particularly bounded and described as follows, to-wit:

> BEGINNING at a stake on the south side of the county road, corner to A. F. Scoot, and running with his line S. 1/2 W. 12 pole, passing Scott's corner at two poles, to a stake; thence S. 79 1/2 W. 11 poles to a stake in the lane; thence with the land N. 10 W. 14 1/2 poles to a stake at the mouth of the land – N. R. Hickman's corner; thence with the south edge of the said road S. 88 1/2 E. 13 1/2 poles to the beginning, containing one acre more or less,

and being the same tract or parcel of land conveyed to The Board of Education of the County of Webster by deed from Ernest L. Hamrick and Ida M. Hamrick dated September 14, 1973, and of record in said Clerk's Office in Deed Book No. 165, at page 327.

Title Comments:

a) By Distribution Line Easement dated June 5, 1987, and recorded in Deed Book No. 210, at page 684, the Webster County Board of Education conveyed to Monongahela Power Company an easement for the construction, erection, operation, maintenance, repair, alteration, reconstruction and removal, of electric distribution lines and telephone lines and additions thereto, over, upon, in, and through lands situate in Glade District, Webster County, West Virginia.

b) By Distribution Line Easement dated April 22, 1996, and recorded in Deed Book No. 236, at page 385, the Webster County Board of Education conveyed to Monongahela Power Company an easement for the construction, erection, operation, maintenance, repair, alteration, reconstruction and removal, of electric distribution lines and telephone lines and additions thereto, over, upon, in, and through lands situate in Glade District, Webster County, West Virginia.

Phase I Sewer Project

COWEN PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. AUTHORIZATION AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, ETC.
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. DELIVERY AND PAYMENT
9. USE OF PROCEEDS
10. LAND AND RIGHTS-OF-WAY
11. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
12. CONTRACTORS' INSURANCE, ETC.
13. CONNECTIONS, ETC.
14. MANAGEMENT
15. GRANTS
16. CONFLICT OF INTEREST
17. PROCUREMENT OF ENGINEERING SERVICES
18. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and SECRETARY of the Public Service Board of Cowen Public Service District, in Webster County, West Virginia (the "Issuer"), and the undersigned COUNSEL for the Issuer, acting for the Issuer and in its name, hereby state and certify on this the 1st day of March, 2013, in connection with the Cowen Public Service District Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of $1,270,000 (the "Series 2013 A Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Series 2013 A Bonds have been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions from the Purchaser, dated April 12, 2010, and all amendments thereto, and as appears in Section 7.03 of the Resolution of the Issuer duly adopted on February 27, 2013, authorizing issuance of the Series 2013 A (the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Bond Resolution when used herein. The Series 2013 A Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the Project, herein defined and described, located within the boundaries of the Issuer.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Series 2013 A Bonds or receipt of any grant monies, if any, committed for the System, hereinafter defined; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2013 A Bonds; nor in any way questioning or affecting the validity of the grants, if any, committed for the System or the validity of the Series 2013 A Bonds or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any monies or security therefor; nor questioning the existence, powers or proceedings of the Issuer or its Public Service Board (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the System or the acquisition and construction of the Project, a portion of the cost of which is being financed out of the proceeds of sale of the Series 2013 A Bonds; nor questioning the rates and charges provided for services of the System.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents 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 Series 2013 A Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on March 19, 2012 and Corrective Order dated March 30, 2012 and an affidavit of CPA dated January 28, 2013 in Case No. 11-1621-PSD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project, approving rates for the system and approving the financing for the Project. The time for appeal has expired prior to the date hereof without any appeal. Such Order remains 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 by the Purchaser of a loan to assist in the acquisition and construction of the Project.

There are Outstanding obligations of the Issuer which will rank on a parity with the Series 2013 A Bonds as to liens, pledge and source of and security for payment, and in all respects, being the Issuer's: (i) Combined Water and Sewer Revenue Bonds, Series 1978 (United States Department of Agriculture), dated May 23, 1980, issued in the original aggregate principal amount of $150,000 (the "Series 1978 Bonds"); (ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), dated April 6, 1994, issued in the original aggregate principal amount of $268,500 (the "Series 1994 Bonds"); (iii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia DWTRF Program), dated December 29, 2004, issued in the original aggregate principal amount of $400,000 (the "Series 2004 A Bonds"); and (iv) Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), dated December 29, 2004, issued in the original aggregate principal amount of $800,000 (the "Series 2004 B Bonds"), (collectively, the "Prior Bonds"). Other than the Prior Bonds there are no other Outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2013 A Bonds as to liens, pledge and/or source of and security for payment.

Prior to the issuance of the Series 2013 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consents of the Holders of the Prior Bonds to the issuance of the Series 2013 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other Outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

The Issuer is not in default under the terms of the Prior Bonds or the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of Parity Bonds or has obtained a sufficient and valid consent or waiver thereof.

5. SIGNATURES, ETC.: The undersigned Chairman and Secretary did, for the Issuer on the date hereof, officially execute and seal the Series 2013 A Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected or appointed (as applicable), qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2013 A Bonds for the Issuer.

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

Bond Resolution

Prior Bond Resolutions

Consent of United States Department of Agriculture to Issuance of Parity Bonds

Consent of Water Development Authority to Issuance of Parity Bonds

USDA Letter of Conditions, with all Amendments

Public Service Commission Orders

County Commission Orders on Creation of District

County Commission Orders of Appointment of Current Board Members

Oaths of Office of Current Board Members

Rules of Procedure

Affidavit of Publication of Notice of Filing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution

Bureau for Public Health Permit

United States Department of Agriculture Loan Resolution

United States Department of Agriculture Grant Agreements

Infrastructure Fund Grant Agreement

Evidence of the U.S. Army Corps of Engineers Grant

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Cowen Public Service District" and its principal office and place of business are in Webster County, West Virginia. The Issuer is a public service district and public corporation and political subdivision of the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of three 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
James Gamble	03.04.2011	03.03.2017
Pauline Miller	01.05.2009	01.15.2014
Johnny Sandy	07.01.2010	06.30.2016

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2013 are as follows:

Chairman	-	James Gamble
Secretary	-	Shelly Robinson

The duly appointed and acting Attorney for the Issuer is Steptoe & Johnson PLLC, Charleston, West Virginia and duly appointed Special PSC Counsel is Steptoe & Johnson PLLC, Charleston, West Virginia.

8. DELIVERY AND PAYMENT: On the date hereof, the Series 2013 A Bonds were delivered to the Purchaser at Cowen, West Virginia, by the undersigned Chairman for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the sewer portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs, and at the time of such delivery, the Series 2013 A Bonds have been duly and fully executed and sealed on behalf of the Issuer in accordance with the Resolution.

At the time of delivery of the Series 2013 A Bonds, the undersigned Chairman received

$179,800, being a portion of the principal amount of the Series 2013 A Bonds. Further advances of the balance of the principal amount of the Series 2013 A Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

The Series 2013 A Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 1.875% per annum is payable from the date of each respective advance.

9. USE OF PROCEEDS: The Series 2013 A Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes. The total Cost of the Project is estimated at $7,192,000. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2013 A Bonds	$1,270,000
Proceeds of the Grants from the USDA	$3,560,000
Proceeds of the U.S. Army COE Grant	$1,500,000
Proceeds of the Infrastructure Fund Grant	$862,000
Total Sources	$7,192,000
USES	
Costs of Acquisition and Construction	$7,172,000
Costs of Issuance	$20,000
Total Uses	$7,192,000

10. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Project and 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 Series 2013 A Bonds.

11. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the acquisition, construction, operation and financing of the Project and the System were authorized or adopted at 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 official 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.

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

13. CONNECTIONS, ETC.: The Issuer will serve bona fide users with the System upon the completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

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

15. GRANT: As of the date hereof, the loan from the United States Department of Agriculture in the amount of $1,270,000; the grant from the United States Department of Agriculture in the amount of $3,560,000; the grant from the Infrastructure Fund in the amount of $862,000; and the U.S. Army Corps of Engineers Grant in the amount of $1,500,000 are all committed and in full force and effect.

16. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2013 A Bonds, the Bond Resolution and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Resolution. 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.

17. 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.

18. 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.

[Remainder of Page Intentionally Blank]

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

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary
_____	Counsel to the Issuer
_____	Special PSC Counsel

193040.00005

5869600

Phase I Sewer Project

COWEN PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

I, John W. Tuggle, Registered Professional Engineer, West Virginia License No. 011845 of Pentree, Inc., Princeton, West Virginia, hereby certify this 1st day of March, 2013 that my firm is the engineer for the acquisition and construction of certain improvements (the "Project") to the existing sewer portion of the combined waterworks and sewerage system (the "System") of Cowen Public Service District (the "Issuer"), to be acquired and constructed in Webster County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned bonds of the Issuer.

1. The Bonds are being issued (i) to pay a portion of the costs of acquisition and construction of the Project; and (ii) to pay certain costs of issuance and related costs.

2. 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 Bureau for Public Health; (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; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents 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; and (vii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the construction of the Project and operation of the System.

3. The Project will serve no new customers.

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

PENTREE, INC.

JOHN W. TUGGLE
REGISTERED
11845
2-20-2013
STATE OF WEST VIRGINIA
PROFESSIONAL ENGINEER

John W. Tuggle, P.E.
West Virginia License No. 011845

193040.00005

5869592

Cowen Public Service District

Wastewater Treatment Plant Upgrade - IJDC #2011S-1271

February 20, 2013

Schedule B - Post Bid

A. Cost of Project		***Total***	***USDA RUS Loan & Grant***	***COE Grant***	**IJDC Grant**
1. Construction Costs					
a. Construction Orders Construction		5,750,000.00	3,916,500.00	1,075,000.00	758,500.00
b. Construction Contingency 5%	5.0%	287,500.00	253,000.00	0.00	34,500.00
2. Engineering (Pentree)					
a. Report and Study Phase		15,000.00	3,750.00	11,250.00	0.00
b. Basic		490,000.00	130,000.10	359,999.90	0.00
c. Resident Project Inspection		245,000.00	245,000.00	0.00	0.00
d. Additional Services		68,000.00	68,000.00	0.00	0.00
3. Match of COE administration		49,800.00	49,800.00	0.00	0.00
4. Environmental Requirements		5,266.80	1,316.70	3,950.10	0.00
5. Attorneys Fees (Easements, PSC, etc) (S&J)		23,000.00	23,000.00	0.00	0.00
6. Accountant (Rule 42)		6,110.00	6,110.00	0.00	0.00
7. Lands and Rights of Way		15,000.00	15,000.00	0.00	0.00
8. Administration					
a. Region 4 PDC		69,000.00	0.00	0.00	69,000.00
b. COE Administration		49,800.00	0.00	49,800.00	0.00
9. Other Costs					
a. Permits/Legal Ads		5,000.00	5,000.00	0.00	0.00
10. Project Contingency		46,523.20	46,523.20	0.00	0.00
11. Total of Lines 1 through 10		7,125,000.00	4,763,000.00	1,500,000.00	862,000.00
B. Cost of Financing					
12. Capitalized Interest		47,000.00	47,000.00	0.00	0.00
13. Bond Copunsel (S&J)		20,000.00	20,000.00	0.00	0.00
14. Cost of Financing		67,000.00	67,000.00	0.00	0.00
15. Total Project Cost (Lines 11 plus Line 14)		**7,192,000.00**	**4,830,000.00**	**1,500,000.00**	**862,000.00**
C. Sources of Funds					
16. US Army Corp of Engineers		1,450,200.00	0.00	1,450,200.00	0
17. US Army Corp of Engineers Administration		49,800.00	0.00	49,800.00	0
18. USDA Rural Utilities Services Grant		3,560,000.00	3,560,000.00	0.00	0
19. IJDC Grant		862,000.00	0.00	0.00	862,000.00
20. Total Grants		5,922,000.00	3,560,000.00	1,500,000.00	862,000.00
21. Size of Bond Issue		**1,270,000.00**	**1,270,000.00**	**0.00**	**0.00**

Cowen PSD

Feb 28, 2013
Date

Pentree

3-4-2013
Date:

Imre David Pentek, CPA

P.O. Box 1390 Lewisburg, WV 24901
Office: (304) 647-3949 E-Mail: ipentek@wildblue.net

March 1, 2013

Cowen Public Service District
Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

Cowen Public Service District
Cowen, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

RE: Phase I Sewer Project

Ladies and Gentlemen:

Based upon the sewer rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia (the "PSC") in Case No. 11-1621-PSD-CN, dated March 19, 2012 and Corrective Order dated March 30, 2012 and the water rates and charges set forth in the Recommended Decision of the Public Service Commission in Case No.12-1041-PWD-CN, dated November 1, 2012, which became Final Order on November 21, 2012, and projected operating expenses and anticipated customer usage as furnished to me by Pentree, Inc., Consulting Engineer, it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the Combined Waterworks and Sewerage System (the "System") of Cowen Public Service District (the "Issuer"), will provide for all Operating Expenses of the System and will 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 (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A (United States Department of Agriculture) issued in the amount of $1,270,000, (the "Series 2013 A Bonds"), and (ii) all other obligations secured by a lien on or payable from such revenues on a parity with or subordinate to the Series 2013 A Bonds, including the Issuer's:

(i) Combined Water and Sewer Revenue Bonds, Series 1978 (United States Department of Agriculture), dated May 23, 1980, issued in the original aggregate principal amount of $150,000, (the "Series 1978 Bonds");

Member of AICPA®

(ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), dated April 6, 1994, issued in the original aggregate principal amount of $268,500 (the "Series 1994 Bonds");

(iii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia DWTRF Program), dated December 29, 2004, issued in the original aggregate principal amount of $400,000 (the "Series 2004 A Bonds"); and

(iv) Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), dated December 29, 2004, issued in the original aggregate principal amount of $800,000 (the "Series 2004 B Bonds"), (collectively, the "Prior Bonds").

It is my further opinion that (i) the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2013 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 2013 Bonds, will not be 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 on the Prior Bonds, and the Series 2013 Bonds, and (ii) the Net Revenues for the fiscal year following the year in which the Series 2013 Bonds are issued will be at least 120% of the average annual debt service requirements on the Prior Bonds and the Series 2013 Bonds.

Very truly yours,

Imre D. Pentek

ORDERS - - WEBSTER COUNTY COURT

REGULAR SESSION, Tuesday, April 7, 1964

April 7, 1964

Court Order Book 18 Page 480

The County Court of Webster County, West Virginia, met in regular session Tuesday, April 7, 1964, at the Court House of said County.

The meeting was called to order and the roll being called, there were present Dr. J. M. Cofer, President, presiding, and the following named Commissioners: Ora E. Jordan and Ovid M. Morton. None were absent. Whereupon, upon motion of Ovid Morton duly seconded by Dr. J. M. Cofer, President, the County Court took up and caused to be read a proposed resolution and order entitled:

"A resolution and order fixing a date for hearing on the creation of a Public Service District within Webster County, West Virginia, to be known as the Cowen Public Service District, and providing for the publication of a notice of such hearing," and moved that all rules otherwise requiring deferred consideration be suspended and said proposed resolution and order be adopted.

After due consideration, the President put the question on the motion, and the roll being called, the following voted:

Aye: Dr. J. M. Cofer
Ora E. Jordan
Ovid Morton

Whereupon, the President declared the motion duly carried and said resolution and order duly adopted on motion and vote. The resolution and order aforesaid is in words and figures following, to-wit:

"A resolution and order fixing a date of hearing on the creation of the proposed Public Service District within Webster County, West Virginia, to be known as the Cowen Public Service District; and providing for the publication of a notice of such hearing."

WHEREAS, the Town Council of the Town of Cowen in Webster County, West Virginia, and other citizens have urged upon the Court the necessity and desirability of establishing an adequate method and plat for the disposal of sewerage and waste in the area and territory in and surrounding said Town of Cowen; and'

WHEREAS, the County Court of Webster County take cognizance of the desirability of possible establishment of an adequate system for the distribution of a supply of potable water to such areas near the Town of Cowen which are not served presently by the existing water system of the Cowen Municipal Water Works;'

"NOW, THEREFORE, pursuant to the provisions of Article 13-a of Chapter 16 of the West Virginia Code, upon the motion of the County Court of Webster County, Be It and It Is Hereby Resolved and Ordered by the County Court of Webster County, West Virginia, as follows:'

"Section 1: That the County Court of Webster County on its own motion hereby finds and declares the desirability and necessity of the creation of a public service district in Webster County, West Virginia, within Webster County, West Virginia, to be known as the Cowen Public Service District.'

order for public hearing

"Section 2:

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

"(b) The Territory to be embraced in said public service district shall be as follows: Beginning at a point in Glade Magisterial District at the confluence of Williams River with Gauley River and having latitude N. 38° 22' S. 9.34" and longitude W. 80° 34' 46", thence N. 30 E with Gauley River 0.71 miles to a point in North West Bank of Gauley River, thence N. 40 W. 0.10 miles, thence S. 53 W. 0.56 miles, thence N. 33½ W. 0.76 miles, thence N. 40 W. 0.66 miles, thence N. 75 E. 0.68 miles, thence N. 73½ E. 0.54 miles, thence S. 35 E. 0.66 miles to Gauley River, thence S. 86 E. with Gauley River 0.47 miles to confluence of Upper Glade Run, thence N. 4 W. with Upper Glade Run 0.10 miles, thence N. 88¼ W. 0.42 miles, thence N. 34 W. 0.25 miles, thence N. 16 W. 0.25 miles, thence N. 40 W. 0.23 miles, thence N. 46 E. 0.33 miles to a point in West Virginia Secondary Road number 36/3. thence N. 65½ W. 0.44 miles which line passes through intersection of W. Va. Secondary Roads Numbers 34 and 38, thence S. 11 W. 0.49 miles, thence N. 79 W. 0.22 miles, thence S. 64 W. 0.74 miles, thence N. 62 W. 0.85 miles, thence N. 30 W. 1.14 miles, thence S. 61½ W. 0.38 miles which line passes through old crossing at north end of B & O Railroad yards, thence S. 18 W. 0.63 miles, thence N. 74 W. 0.29 miles, thence S. 58½ W. 0.47 miles to a point in intersection of W. Va. Secondary Roads Numbers 30 and 30/2, thence S. 3 W. 0.19 miles, thence S. 32 E. 0.77 miles to a point in W. Va. Primary Road Number 20 at Long Glade Run culvert, thence with said W. Va. Primary Road Number 20 in a south easterly direction 1.20 miles, thence leaving said road N. 46 E. 0.13 miles, thence N. 46 W. 0.91 miles, thence N. 29 E. 0.55 miles, thence S. 64 E. 0.10 miles, thence N. 61 E. 0.60 miles, thence N. 3 E. 0.16 miles, thence S. 71½ E. 0.55 miles, thence S. 40 E. 1.99 miles to the beginning, containing 3.20 square miles, be the same more or less, and generally containing the communities of Upper Glade, Glade View, Town of Cowen, Welch Glade and Big Ditch Run south of Cowen, Long Glade Run, Dyer Road to Donaldson, Camp Caesar and W. Va. State Baptist Camp, all of which are located within the proposed Public Service District, being a portion of Glade District, Webster County, State of West Virginia, as shown on a map prepared by Dempsey Sharp, P. O. Box 247, Webster Springs, West Virginia, and dated April 3, 1964."

"(c) The purpose of said public service district shall be to construct, or acquire by purchase or otherwise, and maintain, operate, improve and extend properties supplying sewerage service and water service within such territory and also outside such territory to the extent permitted by law."

"(d) The territory described above does not include within its limits the territory of any other public service district organized under Article 13-a of Chapter 16 of the West Virginia Code. However, such territory does include within its limits the incorporated Town of Cowen, which by resolution duly entered and adopted by its Town Council, has requested this County Court to have the territory within its corporate limits included in such public service district."

"Section 3: That on May 5, 1964, at the hour of 10:00 o'clock A. M., this County Court shall meet in the County Court House at Webster Springs, West Virginia for the purpose of conducting a public hearing on the creation of the proposed public service District at which time and place all persons residing in or owning or having any interest in property in the proposes public service district may appear before this County Court and shall have an opportunity to be heard for and against the creation of said district, and at such hearing, this County Court shall consider and determine the feasibility of the creation of the proposed public service District."

"Section 4: That the County Court Clerk is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out to be published on April 8, 1964, in the Webster Republican, a newspaper of general circulation published in Webster County."

::

A true copy from the Record
Court Order Book 18 Page 480

Attest: Mary C. Skidmore, Clerk

STATE OF WEST VIRGINIA

Webster County, ss:

I, Terry J. Payne, Clerk of the County Commission of Webster County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in Court Order Book No. 18 at Page No. 480.

Given under my hand and the seal of said Commission this 25th day of March, 19 94.

Terry J. Payne, Clerk
Webster County Commission

Certificate of Publication

OFFICE OF

THE WEBSTER REPUBLICAN

Webster Springs, W. Va., April 5, 1964

Boyd Dennis, Publisher

of The Webster Republican, a weekly newspaper published in the Town of Webster Springs, County of Webster and State of West Virginia, do certify that the hereunto attached Notice of Public Hearing on Creation of Cowen Public Service District

was duly published in said paper for two consecutive weeks, commencing on

Wednesday, April 8, 1964

And ending on

Wednesday, April 15, 1964

Words 978 Times Published 2

@ 4¼c Total $ 41.57

Attorney,

Publication of hearing

APRIL 13, 1964

"NOTICE OF PUBLIC HEARING ON CREATION OF COWEN PUBLIC SERVICE DISTRICT"

"Notice is hereby given t the County Court of Webs County on its own motion is c sidering the creation of a Pub Service District within Webs County, West Virginia, for purpose of constructing or quiring by purchase or otherw and the maintenance, operati improvement and extension public service properties supp ing sewerage services and wa services within said district a also outside said District to extent permitted by law to nomed Cowen Public Serv District," and having the follo ing boundaries:

"Beginning at a point in Gla Magisterial District at the co fluence of Williams River w Gauley River and having latit N. 38 degrees 22' S. 34" and lon itude W. 80 degrees 34' 4 thence N. 50 E. with Gauley Ri er 0.71 miles to a point in Nor West Bank of Gauley Riv thence N. 40 W. 0.10 mil thence S. 53 W. 0.56 miles, then N. 33½ W. 0.76 miles, thence 40 W. 0.00 miles, thence N. 75 0.60 miles, thence N. 73½ E. 0 miles, thence S. 35 E. 0.66 mil to Gauley River, thence S. 86 with Gauley River 0.97 miles confluence of Upper Glade Ru thence N. 4 W. with Upper Gla Run 0.10 miles, thence N. 86 W. 0.42 miles, thence N. 34 0.25 miles, thence N. 16 W. 0. miles, thence N. 40 W. 0.23 mil thence N. 46 E. 0.36 miles to point in West Virginia Secon ary Road number 36-3, then N. 60½ W. 0.44 miles which li passes through intersection of Va. Secondary Roads Numbe 34 and 38, thence S. 11 W. 0. miles, thence N. 78 W. 0.22 mil thence S. 64 W. 0.74 miles, then N. 62 W. 0.85 miles, thence N. W. 1.14 miles, thence S. 61½ 0.38 miles which line pass through old crossing at nor end of B & O Railroad yard thence S. 18 W. 0.33 miles, then N. 74 W. 0.29 miles, thence S. 58½ W. 0.47 miles to a point in intersection of W. Va. Secondary Roads Numbers 30 and 30-3, thence S. 3 W. 0.19 miles, thence S. 38 E. 0.77 miles to a point in W. Va. Primary Road Number 30 at Long Glade Run culvert, thence with said W. Va. Primary Road Number 30 in a south easterly direction 1.30 miles, thence leaving said road N. of E. 0.30 miles, thence N. 46 W. 0.91 miles, thence N. 28 E. 0.56 miles, thence S. 64 E. 0.10 miles, thence N. 81 E. 0.60 miles, thence N. 3 E. 0.16 miles, thence S. 71½ E. 0.56 miles, to the beginning, containing 3.20 square miles, be the same more or less, and generally containing the communities of Upper Glade, Glade View, Town of Cowen, Welch Glade and Big Ditch Run south of Cowen, Long Glade Run, Dyer Road to Donaldson, Camp Caesar and W. Va. State Baptist Camp, all of which are located within the proposed Public Service District, being a portion of Glade District, Webster County, State of West Virginia, as shown on a map prepared by Dempsey Sharp, P. O. Box 247, Webster Springs, West Virginia, and dated April 3, 1964.

All persons residing in or owning or having any interest in property in said proposed Public Service District are hereby notified that the County Court of Webster County will conduct a public hearing on NEXT MEETING, MAY 5, 1964, in the County Court House at Webster Springs, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district."

By Order of the County Court this 7 day of April, 1964.

CHARLES HEROLD
County Court Clerk

Adopted by the County Court April 7, 1964.

COUNTY OF WEBSTER, to-wit:

I, Charles Herold, hereby certify that I am the duly qualified and acting Clerk of the County Court of Webster County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Court as had under date of April 7, 1964 and a resolution and order then adopted relating to the proposed creation of the Cowen Public Service District, all as shown by the official records in my office.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of said Court at Webster Springs, West Virginia, this 7th day of April, 1964.

CHARLES HEROLD,

ORDERS - - WEBSTER COUNTY COURT

REGULAR SESSION, Tuesday, June 2, 1964

At a regular meeting of the County Court of Webster County, West Virginia, held at the Court House thereof, on Tuesday, June 2, 1964, present: J. M. Cofer, President; Ovid M. Morton and Ora E. Jordan, Commissioners.

.....

May 5, 1964

Court Order Book 18 Page 493

::::::::::::::::::::::::::::::::

WHEREAS, by a resolution and order heretofore adopted on the 7th day of April, 1964, the County Court of Webster County, West Virginia, did fix a date for a public hearing on the creation of the proposed Cowen Public Service District, and in and by said resolution and order did provide that all persons residing in or owning or having any interest in property in the property in the proposed public service district might appear before the County Court at said meeting, held on the 5th day of May, 1964, and have the opportunity to be heard for and against the creation of said district; and

WHEREAS, notice of said meeting was duly given in the manner provided and required by said resolution and order and by Article 13-a of Chapter 16 of the Code of West Virginia, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district, and the Court has

order creating "Cowen Public Service District"

given due consideration to all matters for which such hearing was offered; and

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

NOW, THEREFORE, be it, and it is hereby resolved and ordered by the County Court of Webster County, West Virginia, as follows:

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

Beginning at a point in Glade Magisterial District at the confluence of Williams River with Gauley River and having latitude N. 38° 22' S. 9.34" and longitude W. 80° 34' 46", thence N. 50 E. with Gauley River 0.71 miles to a point in North West Bank of Gauley River, thence N. 40 W. 0.10 miles, thence S. 53 W. 0.56 miles, thence N. 33½ W. 0.76 miles, thence N. 40 W. 0.66 miles, thence N. 75 E. 0.68 miles, thence N. 73½ E. 0.54 miles, thence S. 35 E. 0.66 miles to Gauley River, thence S. 86 E. with Gauley River 0.47 miles to confluence of Upper Glade Run, thence N. 4 W. with Upper Glade Run 0.10 miles, thence N. 88½ W. 0.42 miles, thence N. 34 W. 0.25 miles, thence N. 16 W. 0.25 miles, thence N. 40 W. 0.23 miles, thence N. 46 E. 0.33 miles to a point in West Virginia Secondary Road Number 36/3, thence N. 65½ W. 0.44 miles which line passes through intersection of W. Va. Secondary Roads Numbers 34 and 38, thence S. 11 W. 0.49 miles, thence N. 79 W. 0.22 miles, thence S. 64 W. 0.74 miles, thence N 62 W. 0.85 miles, thence N. 30 W. 1.14 miles, thence S. 61½ W. 0.38 miles which line passes through old crossing at north end of B & O Railroad yards, thence S. 18 W. 0.63 miles, thence N. 74 W. 0.29 miles, thence S. 58½ W. 0.47 miles to a point in intersection of W. Va. Secondary Roads Numbers 30 and 30/2, thence S. 3 W. 0.19 miles, thence S. 32 E. 0.77 miles to a point in W. Va. Primary Road Number 20 at Long Glade Run culvert, thence with said W. Va. Primary Road Number 20 in a south easterly direction 1.20 miles, thence leaving said road N. 46 E. 0.13 miles, thence N. 46 W. 0.91 miles, thence N. 29 E. 0.55 miles, thence S. 64 E. 0.10 miles, thence N. 61 E. 0.60 miles, thence N. 3 E. 0.16 miles, thence S. 71½ E. 0.55 miles, thence S. 40 E. 1.99 miles to the beginning, containing 3.20 square miles, be the same more or less, and generally containing the communities of Upper Glade, Glade View, Town of Cowen, Welch Glade and Big Ditch Run south of Cowen, Long Glade Run, Dyer Road to Donaldson, Camp Cassar and W. Va. State Baptist Camp, all of which are located within the proposed Public Service District, being a portion of Glade District, Webster County, State of West Virginia, as shown on map prepared by Dempsey Sharp, P. O. Box 247, Webster Springs, West Virginia, and dated April 3, 1964.

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

Section 3: That the County Court of Webster County, West Virginia, has determined that the territory within Webster County, West Virginia, having the hereinbefore described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying sewerage services and water supply services within such territory by said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

AND

WHEREAS, under the provisions of Article 13-a of Chapter 16 of the West Virginia Code the powers of said public service district shall be vested in and exercised by a public service board; and

WHEREAS, since there is no city, incorporated town or other municipal corporation included within said district, with a population in excess of three thousand, it is provided by said Article 13-a of Chapter 16 of the Code of West Virginia that this County Court shall appoint five members of said board, who shall be persons residing within the district;

NOW, THEREFORE, be it, and it is hereby further resolved and ordered by the County Court of Webster County, West Virginia, as follows:

Section 1: That the County Court of Webster County, West Virginia, hereby finds and determines that Randall G. Bragg, Sr., Carl R. Wright, F. D. Clark, Nercy F. Given and Ralph K. Given, are persons residing within the Cowen Public Service District, and the aforesaid persons are hereby appointed as members of the Public Service Board of said District and their respective terms of office shall be as follows:

Randall G. Bragg, Sr., for a term of six years from the first day of the month in which this resolution and order is adopted;

Carl R. Wright for a term of five years from the first day of the month in which this resolution and order is adopted;

F. D. Clark for a term of four years from the first day of the month in which this resolution and order is adopted;

Nercy F. Given for a term of three years from the first day of the month in which this resolution and order is adopted; and

Ralph K. Given for a term of two years from the first day of the month in which this resolution and order is adopted.

Section 2: The aforesaid persons shall meet as soon as practicable, at the office of the Clerk of said County Court and shall qualify by taking an oath of office, and thereafter said appointees constituting the initial Public Service Board of the Cowen Public Service District shall meet and organize in compliance with the provisions of Article 13-a of Chapter 16 of the West Virginia Code.

::::::::::::::::::::::::::::::::

A true copy from the Record
Court Order Book 18 Page 493

Attest: Nancy C. Gillespie, Clerk

STATE OF WEST VIRGINIA

Webster County, ss:

I, Terry J. Payne, Clerk of the County Commission of Webster County, West Virginia, do hereby certify that the foregoing writing is a true copy from the records in my office, the same appearing in Court Order Book No. 18 at Page No. 493.

Given under my hand and the seal of said Commission this 25th day of March, 1994.

Terry J. Payne, Clerk
Webster County Commission

On motion being made by Tony Hamrick and duly seconded by Sam Barger, the Commission unanimously approved to re-appoint the following members to the Economic Development Authority, to fall in sequential times there, as far as what they are set up to be, Jeff Ezell, Karen Dotson, Scott Hamrick and Carol Cogar. Motion carried.

****

IN RE: SHENTEL, INTERNET PRESENTATION

Gene Marks with Shentel appeared before the County Commission to give a presentation on their new Internet service. They have three new products at a very low cost and more value compared to Frontier. The three different programs are $99.95, $79.95 and $49.95. There are no contract commitments. No installation fees. They have phone service in the community now. They have phone service in Bolair to Camden on Gauley now. They are expanding, re-building and replacing. They are building fiber to Ethernet, one on one basis. Mr. Marks would like the opportunity to look at. There are no service orders. There is an issue in the Courthouse with the T-1 line and that for the Supreme Court cannot be touched. They use an order form only. The Static IP is at no extra charge. The sub-net is more at $20.00 for a block of 8. Dave Butler is in charge and Gene will get his number, and the Commission can call Dave or him at anytime. They can do a side by side to see if it will work at the 911 Center. They have to be able to afford, they have no increase in fees and nothing held. They come out for voice services first. They can do voice services in the future with no contract. They cannot do one line busy and then roll over to the next line. Commissioner Tony Hamrick has worked with Aaron Kelley in Nicholas County and he will talk to him about Shentel. If we cannot save on rate, we cannot do. They have technology with fiber and coax, and everything looking into the future. The Commission asked if it is an option now to change to a T-1 line for the Statewide Computer System. They can call 304-462-7641 to ask about the Statewide Computer. Gilmer County went with Shentel and Traci Dean, Co. Administrator can call Beverly Marks in the County Clerk's office and talk to her. You can also go on line and find out what a T-1 line costs. No action at this time.

****

IN RE: LITTER CONTROL OFFICER, UPDATE; PURCHASE OF WINCH AND FRONT RECEIVER HITCH, APPROVED; AND, WAYNE EADS, RE-APPOINTED MEMBER FOR THE SOLID WASTE AUTHORITY, APPROVED

Wayne Eads, Litter Control Officer appeared before the County Commission to give an update. Mr. Eads stated that they want to have another tire day on September 18th at Leslie's Lumber Co. They do not want to advertise to take 10 tires per vehicle. They got 6,526 tires in two free tire days. Wayne went with the DNR & DEP sighting open dumps. He also worked with the DNR on complaints in Dorrtown, Duffy Street and on Route 20 North above the hospital. Wayne went out on two litter complaints at Coon Creek, two citations written and one warning, and went to check out an open dump on Strouds Creek. They cleaned up a tire dump in Hacker Valley. He also checked out litter complaints in Bolair, Main Street in Webster Springs, and the Twin Bridges on the Bergoo Road. He wrote a warning on a litter complaint in Bergoo. They went to a litter complaint, found a name in the trash and cleaned up 31 tires in a dump. They also cleaned up an open dump at Leatherwood in Bergoo. Wayne had two hearings in Magistrate Court and one show cause hearing in Magistrate Court that was cancelled. Wayne also requested the purchase of a winch in the amount of $1,300.00 and a front receiver hitch in the amount of $150.00. He got these quotes as requested by the Commission. Boyd Cutright has a rear hitch that he will give him. He would like to purchase this in order to retrieve heavy garbage, appliances, and tires up over the banks and up over the riverbanks. Wayne will ask the Solid Waste Authority board at their next meeting, to pay for the labor to install the winch, etc.

Based on the information, on motion being made by Tony Hamrick and duly seconded by Sam Barger, the Commission unanimously approved the purchase of a winch and front receiver for the Litter Control Officer to use to retrieve stuff that has been thrown over the hills, not to exceed $1,450.00, plus shipping. Motion carried.

On motion being made by Tony Hamrick and duly seconded by Sam Barger, the Commission unanimously approved to re-appoint Wayne Eads to the Solid Waste Authority. Motion carried.

****

IN RE: KAREN DOTSON, RE-APPOINTED MEMBER FOR THE WEBSTER COUNTY BOARD OF HEALTH, APPROVED

On motion being made by Sam Barger and duly seconded by Tony Hamrick, the Commission unanimously approved to re-appoint Karen Dotson for the Board of Health. Motion carried.

****

IN RE: JOHNNY SANDY, RE-APPOINTED MEMBER FOR THE COWEN PUBLIC SERVICE DISTRICT, APPROVED

On motion being made by Tony Hamrick and duly seconded by Sam Barger, the Commission unanimously approved to re-appoint Johnny Sandy to the Cowen Public Service District. Motion carried.

****

IN RE: 2009-2010 BUDGET TRANSFERS, APPROVED

On motion being made by William M. Armentrout and duly seconded by Tony Hamrick, the Commission unanimously approved in Account #711, Emergency Services, to transfer the following amounts, $6,505.00 from line item 230 to $1,052.00 to line item 211, $2,378.00 to line item 213, $65.00 to line item 218 and $3,010.00 to line item 343:
County Clerk's Election Account #413 in the Coal Severance Fund, transfer $2,000.00 from line item 216, $4,000.00 from line item 230 and $2,007.00 from line item 341, to line item 220 in the amount of $8,000.00 and to line item 459 Equipment in the amount of $7.00:
County Clerk's Election Account #413 in the General County Fund, transfer $120.00 from line item 219 to line item 341 Supplies & Materials:
General County Fund, Account #401, County Commission, increase line item 105 Group Insurance by $33,000.00, line item 220 Advertising & Publications by $2,000.00, line item 230 Contracted Services by $8,000.00 and decrease line item 568 Other Contributions by $43,000.00:
Account #424, Court House, increase line item 211 Telephone by $100.00, line item 215 M&R by $1,500.00, line item 216 by $500.00, line item 341 by $4,000.00, line item 343 by $500.00 and decrease line item 213 Utilities by $4,000.00, and line item 459 Equipment by $2,600.00:
Account #430, Community Development, increase line item 459 Equipment by $6,000.00 and decrease line item 230 Contracted Services by $6,000.00;
Account #716, Dog Warden, increase line item 213 Utilities by $1,400.00, line item 221 Training & Education by $50.00, line item 341 Supplies & Materials by $4,650.00 and decrease line item 230 by $6,100.00:
Account #813, Litter Control, increase line item 343 Auto Supplies by $260.00 and decrease line item 217 by $260.00:
Account #991, Purchasing, increase line item 341 Supplies & Materials by $10,000.00 and decrease line item 456 Capital Outlay by $10,000.00: and
Coal Severance Fund, Account #401, County Commission, increase line item 215 M&R Buildings & Grounds by $1,300.00 and decrease line item 223 by $1,300.00.
Motion carried.

****

IN RE: GRANT EXTENSION LETTERS, HISTORICAL SOCIETY GRANT AND BOLAIR PSD WATER EXTENSION GRANT, APPROVED

On motion being made by Tony Hamrick and duly seconded by Sam Barger, the Commission unanimously approved to the two grant extension letters to the fiscal year 2010-2011, for the Historical Society Grant and the Bolair PSD Water Extension Grant. Motion carried.

****

IN RE: RESOLUTION, HACKER VALLEY VOLUNTEER FIRE DEPARTMENT PROJECT, 2011 APPLICATION, APPROVED

On motion being made by Sam Barger and duly seconded by William M. Armentrout, the Commission unanimously approved to accept the Resolution for the Webster County Commission to authorize the President to affix his signature to the Community Participation Grant Program, Fiscal Year 2011 in the amount of $5,000.00 for the Hacker Valley Volunteer Fire Department project. Motion carried.

RESOLUTION

I, Tony Hamrick, President of the Webster County Commission, Webster County, West Virginia, do hereby certify that the following Resolution was adopted on the 6th day of April, 2011.

BE IT RESOLVED BY THE WEBSTER COUNTY COMMISSION, WEBSTER COUNTY, WEST VIRGINIA, AS FOLLOWS:

1. That the Webster County Commission, in the County of Webster, West Virginia, does authorize the President to affix his signature to the Community Participation Grant Program, Fiscal Year 2011 Application required by the West Virginia Development Office, in the amount of $5,000.00 for the Hacker Valley Volunteer Fire Department project.

On motion duly made by S. J. Barger, and seconded by William M. Armentrout, the Webster County Commission, in the County of Webster, does hereby approve and authorize said Resolution.

STATE OF WEST VIRGINIA
COUNTY OF WEBSTER

I, Terry J. Payne, County Clerk, of the County of Webster, do hereby certify that the foregoing are true copies from the records or order made and entered into by the Webster County Commission, in the County of Webster on the 6th day of April, 2011.

/s/ TONY HAMRICK
Tony Hamrick, President

/s/ TERRY J. PAYNE
Terry J. Payne, County Clerk

****

IN RE: GARTH BECK, ASSISTANT PROSECUTING ATTORNEY, LETTER OF RESIGNATION, ACCEPTED

On motion being made by Sam Barger and duly seconded by William M. Armentrout, the Commission unanimously approved to accept Garth Beck's letter of resignation from the Assistant Prosecuting Attorney's position. Motion carried. This will be effective April 15, 2011.

****

IN RE: 2010 SPECIAL PRIMARY ELECTION, EMERGENCY ABSENTEE VOTING (EAV) COMMISSIONERS, APPROVED

On motion being made by Sam Barger and duly seconded by William M. Armentrout, the Commission unanimously approved to appoint the following two emergency absentee voting commissioners, one from the Democratic party and one from the Republican party, Charlotte Moffatt for the Democrats and Mary Helmick for the Republicans. Motion carried.

****

IN RE: LOUISE HAMRICK, DEXTER BECKETT AND ANGIE COWGER, RE-APPOINTED MEMBERS, WEBSTER COUNTY ECONOMIC DEVELOPMENT AUTHORITY, APPROVED

On motion being made by Sam Barger and duly seconded by William M. Armentrout, the Commission unanimously approved to re-appoint Louise Hamrick, Dexter Beckett and Angie Cowger to the Webster County Economic Development Authority. Motion carried.

****

IN RE: JAMES GAMBLE, RE-APPOINTED MEMBER, COWEN PUBLIC SERVICE DISTRICT, APPROVED

On motion being made by Sam Barger and duly seconded by William M. Armentrout, the Commission unanimously approved to re-appoint James Gamble to the Cowen Public Service District for a six year term to go through March 3, 2017. Motion carried.

****

IN RE: WEBSTER COUNTY MEMORIAL HOSPITAL, REPORT

Annette Keenan, Sonny Helmick and Larry Lynch appeared before the County Commission to give the February, 2011 report for the Webster County Memorial Hospital. Cash Deposits - $1,897,061; Cash Out - $1,762,382; Ending Cash Balance - $324,212; AR-Net Patient - $1,428,994; AR-Medicare/Medicaid - $328,353; Total Current Assets - $2,864,315; AP-Trade - $465,383; AP-Medicare/Medicaid - $1,357,152; Total Current Liabilities - $3,170,182; Net Fund Balance - $676,618; Total Gross Revenues - $1,750,545; Contractual/Bad Debt - $924,562; Total Operating Expenses - $819,338; and, Net Income - $6,645. Inpatient Days – 84; Swing Bed Days – 30; Observation Days – 62; Total Average Daily Census – 6.3; Observation Patients – 41; ER Visits – 886; EMS Trips – 100; and, RHC Visits – 1,359. They have taken in $91,000 for MRI's in the month of February and they are very pleased. If the MRI's work out, they will have hospital staff trained to do this and hope to leave the trailer here. This way they will not have to wait for their technical people to come here. Their total operating expenses were $819,338 and total revenues were $6,645. The total monthly Vendor Payable Trending for the end of March was $4,631. They hired a mid-level PA in March. His name is Joshua Deatan. He attended training at the school in Beckley and he lives in Summersville. They are looking for another MD or DO. They also hired an EMS Director from Morgantown. His name is Larry Payton and will start April 18th. He will be moving to Webster County. They will be meeting with the Lions Club relative to starting up again. The State has approved the Hospital for nuclear testing. The State has approved their new pharmacy. They are still asking for everyone to be patient with them, as they continue painting, repairs, etc. at the Hospital. The ER needs repaired. The hospital maintenance crew has done a good job with the repairs, upgrades and painting. The Commission stated that they have taken on different new services, they are all nice to see and much needed things for the community. No action was taken at this time.

****

IN RE: OES OFFICE, ASAP VEHICLE & HELIPORT REFLECTERS, USDA GRANT, PUBLIC MEETING

Paula Moeller, Community Facilities Specialist, United States Department of Agriculture (USDA), Rural Development appeared before the County Commission for a public hearing regarding a grant for the OES office to purchase an ASAP Vehicle (off road rescue vehicle) and two sets of heliport reflectors. The grant is for $42,600 with a county match of $14,239. Ms. Moeller stated that the money is there, she just has to get it approved for Webster County. She will need copies of our bank statement and minutes. Commission President, Tony Hamrick signed the following forms: Request for Obligation of Funds, Assurance Agreement, Operating Budget, Certification Regarding Debarment, Suspension, etc., Certification Regarding Drug-Free Workplace Requirements, etc., Community Facilities Grant Agreement, Letter of Intent to Meet Conditions, Application for Federal Assistance SF-424, and a Credit Elsewhere form. No action was taken at this time.

****

IN RE: RESOLUTION, BOLAIR PSD WATER EXTENSION PROJECT, APPLICATION APPROVED

On motion being made by Tony Hamrick and duly seconded by Sam Barger, the Commission unanimously approved the 2009 Fiscal Year application for a Community Participation Program for the Bolair Public Service District for a water project in the amount of $72,000.00. Motion carried.

RESOLUTION

I, William M. Armentrout, President of the Webster County Commission, Webster County, West Virginia, do hereby certify that the following Resolution was adopted on the 7th day of January, 2009.

BE IT RESOLVED BY THE WEBSTER COUNTY COMMISSION, WEBSTER COUNTY, WEST VIRGINIA AS FOLLOWS:

1. That the Webster County Commission, in the County of Webster, West Virginia, does authorize the President to affix his signature to the Community Participation Program, Fiscal Year 2009 Application required by the West Virginia Development Office, for the purpose of the Bolair Public Service District Water project.

On motion duly made by Tony Hamrick and seconded by S. J. Barger, the Webster County Commission, in the County of Webster, does hereby approve and authorize said resolution.

STATE OF WEST VIRGINIA
COUNTY OF WEBSTER

I, Terry J. Payne, County Clerk, of the County of Webster, do hereby certify that the foregoing are true copies from the records or order made and entered into by the Webster County Commission, in the County of Webster on the 7th day of January, 2009.

/s/ WILLIAM M. ARMENTROUT
William M. Armentrout, President

/s/ TERRY J. PAYNE
Terry J. Payne, County Clerk

****

IN RE: RESOLUTION, PURDUE PHARMA ASSET FORFEITURE FUNDS, PARTICIPATION APPROVED

On motion being made by Tony Hamrick and duly seconded by Sam Barger, the Commission unanimously approved that this Commission approve the participation in the Purdue Pharma Asset Forfeiture Funds for our law enforcement. Motion carried.

RESOLUTION

I, William M. Armentrout, President of the Webster County Commission, Webster County, West Virginia, do hereby certify that the following Resolution was adopted on the 7th day of January, 2009.

BE IT RESOLVED BY THE WEBSTER COUNTY COMMISSION, WEBSTER COUNTY, WEST VIRGINIA AS FOLLOWS:

1. That the Webster County Commission, in the County of Webster, West Virginia, does authorize the President to approve to participate in the Purdue Pharma Asset Forfeiture Funds (PPF): Advanced Law Enforcement Training (ALT) Grant Program with the following counties: Braxton, Clay, Fayette, Nicholas and Webster.

On motion duly made by Tony Hamrick and seconded by S. J. Barger, the Webster County Commission, in the County of Webster, does hereby approve and authorize said resolution.

STATE OF WEST VIRGINIA
COUNTY OF WEBSTER

I, Terry J. Payne, County Clerk, of the County of Webster, do hereby certify that the foregoing are true copies from the records or order made and entered into by the Webster County Commission, in the County of Webster on the 7th day of January, 2009.

/s/ WILLIAM M. ARMENTROUT
William M. Armentrout, President

/s/ TERRY J. PAYNE
Terry J. Payne, County Clerk

****

IN RE: MARTHA MOORE, RE-APPOINTED MEMBER, WEBSTER COUNTY BUILDING COMMISSION, APPROVED

On motion being made by Tony Hamrick and duly seconded by Sam Barger, the Commission unanimously approved to re-appoint Martha Moore to the Building Commission. Motion carried.

This is for a three (3) year term, beginning September 28, 2008 and ending September 28, 2011.

****

IN RE: FEBRUARY 2009, BOARD OF EQUALIZATION & REVIEW, DAYS APPROVED

On motion being made by Tony Hamrick and duly seconded by Sam Barger, the Commission unanimously approved the said days for the Board of Equalization and Review. Motion carried.

February 2, 6, 11, 13 & 17, 2009.

****

IN RE: BOLAIR BALL FIELD, UPDATE

The County Commission discussed the progress on the Bolair Ball Field. One dug out is completed and one dug out has to be moved a little and then completed. The doors and windows were purchased. The concrete was poured. They need to get trusses and some plumbing in. The concession stand is almost finished and if we have some nice weather it will not take long to finish. No action was taken at this time.

****

IN RE: POLLY MILLER, APPOINTED MEMBER, COWEN PUBLIC SERVICE DISTRICT, APPROVED

On motion being made by Sam Barger and duly seconded by Tony Hamrick, the Commission unanimously approved to appoint Polly Miller for the Cowen Public Service District board. Motion carried.

This is for the unexpired six (6) year term of Ginger Fletcher, beginning January 15, 2008 and ending January 15, 2014.

****

IN RE: ADJOURN MEETING

On motion being made by Tony Hamrick and duly seconded by Sam Barger, the Commission unanimously approved to adjourn at 5:50 PM. Motion carried.

****

OATH

State of West Virginia, County of Webster ss:

I, James L. Gamble, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Member, Cowen Public Service District, 6 Year Term, Beginning March 3, 2011 and Ending March 3, 2017, to the best of my skill and judgment, so help me God.

James L. Gamble

Subscribed and sworn to before the undersigned, this the 6th day of April, 20 11.

Cherry J. Payne

Webster County Clerk, Webster County, WV

OATH

State of West Virginia, County of Webster ss:

I, Pauline G. Miller, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Member, Cowen Public Service District, Unexpired Term, Beginning January 15, 2008 and Ending January 15, 2014, to the best of my skill and judgment, so help me God.

Pauline G Miller

Subscribed and sworn to before the undersigned, this the 22nd day of January, 2009.

Terry J. Payne

Webster County Clerk, Webster County, WV

OATH

State of West Virginia, County of Webster ss:

I, Johnny Sandy, do solemnly swear that I will support the constitution of the United States and the constitution of this State and that I will faithfully discharge the duties of my office of Member, Cowen Public Service District, Six Year Term, Beginning July 1, 2010 and Ending June 30, 2016, to the best of my skill and judgment, so help me God.

Johnny C. Sandy

Subscribed and sworn to before the undersigned, this the 8th day of June, 2010.

Terry J. Payne
Webster County Clerk
Webster County, West Virginia

RULES OF PROCEDURE

COWEN PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: COWEN PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at 7017 Webster Road, Cowen, West Virginia 26206.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Cowen Public Service District, and in the center "seal" as follows:

Section 4: The fiscal year of the District shall begin on July 1 of each year and shall end on the following June 30.

ARTICLE II

PURPOSE

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

ARTICLE III

MEMBERSHIP

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

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

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings the first Wednesday of every month at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

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

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Webster County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Webster County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

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

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy

occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected as hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

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

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

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

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 5th day of May, 2004.

12/15/04
193040.00001

AFFIDAVIT

STATE OF WEST VIRGINIA
COUNTY OF WEBSTER, to witt

I, Thomas C. Clark, a publisher of the Webster Echo, a weekly newspaper published in the Town of Webster Springs, County of Webster, State of West Virginia, and the general circulation in that area, the said Webster Echo being a newspaper of opposite politics of the Webster Republican, being duly sworn, do hereby depose and say that the hereto annexed - **Notice of Notice of Filing - Cowen PSD**

was duly published in the said paper one consecutive week commencing

December 21st, 2011 and December 21st, 2011

and I do further depose and say that the said **Notice**

contains **2,520** words and that the publisher's fee was therefore $289.80

Given under my hand this **21st** day of **December, 2011**

Taken, sworn to and subscribed before me in the state and county

aforesaid **21st** day of **December, 2011**

Thomas C. Clark

Michelle L. Helmick
Notary Public

My commission expires October 2, 2016

Attorney

Code 59-3-4

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
MICHELLE L. HELMICK
P.O. Box 58, Bergoo, WV 26293
My Commission Expires Oct. 2, 2016

LEGAL NOTICE LEGAL NOTICE

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 3rd day of November, 2011.

CASE NO. 11-1621-PSD-CN

COWEN PUBLIC SERVICE DISTRICT
Webster County, West Virginia
Application for a certificate of convenience and necessity to construct certain additions and improvements to its existing sewerage system, and for approval of the financing thereof.

NOTICE OF FILING

On November 3, 2011, Cowen Public Service District (District) filed an application, duly verified, for a Certificate to construct certain additions and improvements to the District's existing sewerage system in Webster County.

The District proposes to construct certain additions and improvements to its sewerage system consisting of (i) upgrading and expanding the existing wastewater treatment plant by adding a SBR treatment system to replace the oxidation ditch and installing new headworks, belt press and Ultra Violet system, (ii) upgrading two lift stations, (iii) and all necessary appurtenances relating thereto.

The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, Charleston, West Virginia.

The District estimates that construction will cost approximately $7,192,000.00. It is proposed that the construction will be financed by a United States Corps of Engineers grant in the amount of $1,500,000.00, a United States Department of Agriculture Loan (USDA) loan in the amount of $1,270,000.00 for a term of 40 years at 2.5%, a USDA grant in the amount of $2,560,000.00, a USDA grant in the amount of $1,000,000.00, and a West Virginia Infrastructure and Jobs Development Council grant in the amount of $862,000.00.

The District anticipates charging the following increased rates for its customers:

SCHEDULE 1

APPLICABILITY
Applicable within the entire territory served.

AVAILABILITY
Available for general domestic, commercial and industrial service.

METERED RATES (Customers with metered water supply)

First 2,000 gallons used per month	$11.50 per 1,000 gallons
Next 10,000 gallons used per month	$11.10 per 1,000 gallons
Over 12,000 gallons used per month	$10.62 per 1,000 gallons

MINIMUM CHARGE
No bill will be rendered for less than $23.00 per month, which is the equivalent of 2,000 gallons.

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 $300.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

RETURNED CHECK FEE
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 charges is returned by the bank due to insufficient funds.

LEAK ADJUSTMENT
$0.60 per 1,000 gallons of water is to be used when the bill reflects unusual water consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SECURITY DEPOSIT
A deposit of $50.00 or 2/12ths of the average annual usage of the applicant's specific customer class, whichever is greater.

SCHEDULE 2

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE DISTRICTS SANITARY SYSTEM APPLICABILITY

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

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

S = The surcharge in dollars

A = The area under roof 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

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

C = The District approved rate per thousand gallons of metered water usage.

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

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

These rates represent the following project-related increases that will become effective upon substantial completion of the project unless otherwise ordered.

	($) INCREASE	(%) INCREASE
Residential	$13.84	44%

The proposed increased rates and charges related to the project will produce approximately $110,805.00 annually in additional revenue, an increase of 44%. The total increase granted will not exceed this estimate unless further notice is provided.

The District has no resale customers.

The increases shown are based on averages of all customers in the indicated classes. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges among the various classes of customers are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Anyone desiring to protest or intervene in the Certificate proceeding should file a written protest or request to intervene within thirty (30) days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest a special of this certificate case or participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or request to intervene. Requests to intervene must comply with the rules on intervention set forth in the Commission *Rules of Practice and Procedure*. All protests and requests to intervene should be addressed to Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

In the absence of substantial protest received within thirty (30) days of this publication, the Commission may waive formal hearing and grant the application based on Commission review of the evidence submitted with the application.

COWEN PUBLIC SERVICE DISTRICT

E 12-21 1tc

Phase I Sewer Project

COWEN PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

EXCERPT OF MINUTES ON ADOPTION OF
BOND RESOLUTION AND DRAW RESOLUTION

The undersigned SECRETARY of Cowen Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service District:

*** *** ***

Cowen Public Service District met, pursuant to notice duly posted, on the 27th day of February, 2013, in Cowen, West Virginia, at the hour of 10:00 am.

PRESENT: James Gamble, Chairman
Pauline Miller
Johnny Sandy

Shelly Robinson, Secretary
John Stump, Steptoe & Johnson PLLC

ABSENT: none

The acting Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

A motion was made to elect James Gamble as Chairman and Shelly Robinson as Secretary. A vote was held and motion carried

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE SEWER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE FACILITIES OF COWEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF

THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,270,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

and caused the same to be read and there was discussion. Thereupon, on motion duly made Pauline Miller and seconded by Johnny Sandy, 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 First Draw Resolution for the approval of invoices from the construction loans. Thereupon, on motion duly made by Pauline Miller and seconded by Johnny Sandy, it was unanimously ordered that the said Draw Resolution be adopted.

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Cowen 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 1st day of March, 2013.

Sherry Robison

Secretary

193040.00005

Phase I Sewer Project

COWEN PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

EXCERPT OF MINUTES ON ADOPTION OF
BOND RESOLUTION AND DRAW RESOLUTION

The undersigned SECRETARY of Cowen Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service District:

*** *** ***

Cowen Public Service District met, pursuant to notice duly posted, on the 27th day of February, 2013, in Cowen, West Virginia, at the hour of 10:00 am.

PRESENT: James Gamble, Chairman
Pauline Miller
Johnny Sandy

Shelly Robinson, Secretary
John Stump, Steptoe & Johnson PLLC

ABSENT: none

The acting Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

A motion was made to elect James Gamble as Chairman and Shelly Robinson as Secretary. A vote was held and motion carried

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE SEWER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE FACILITIES OF COWEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF

THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,270,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2013 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT.

and caused the same to be read and there was discussion. Thereupon, on motion duly made Pauline Miller and seconded by Johnny Sandy, 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 First Draw Resolution for the approval of invoices from the construction loans. Thereupon, on motion duly made by Pauline Miller and seconded by Johnny Sandy, it was unanimously ordered that the said Draw Resolution be adopted.

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Cowen 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 1st day of March, 2013.

Sheley Robison

Secretary

193040.00005

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

NEW ISSUE REPORT FORM

Date of Report: March 1, 2013

Phase I Sewer Project

ISSUE: Cowen Public Service District
Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

ADDRESS: P.O. Box 457, Cowen, West Virginia 26206 COUNTY: Webster

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: March 1, 2013

CLOSING DATE: March 1, 2013

ISSUE AMOUNT: $1,270,000

RATE: 1.875%

1ST DEBT SERVICE DUE: NA

1ST PRINCIPAL DUE NA

1ST DEBT SERVICE AMOUNT NA

PAYING AGENT: Issuer

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm:
Contact:
Phone:

CLOSING BANK:
Bank: First Community Bank
Contact: Pamela Holcomb
Phone: 304.883.4101

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: James Gamble
Position: Chairman
Phone: 304.226.3541

OTHER:
Agency: United States Department of Agriculture
Contact: Joe Crickenberger
Position: Rural Developoment Specialist
Phone: 304.636.2158

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: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2013 A Reserve Account. The first payment into the Reserve Account will commence 24 months following the date hereof.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

350 CAPITOL STREET, ROOM 313 CHARLESTON, WV 25301-3713

Telephone (304) 558-2981

PERMIT

(Sewage)
PROJECT: Upper Glade WWTP Upgrade **PERMIT NO.:** 18,812

LOCATION: Cowen **COUNTY:** Webster **DATE:** 5-16-2011

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Cowen PSD
P. O. Box 457
Cowen, West Virginia 26206

is hereby granted approval to: replace the existing Cowen PSD-Upper Glade 205,000 GPD oxidation ditch WWTP with a 500,000 GPD (peak 1,000,000 GPD) sequential batch reactor (SBR) WWTP. Major work will consist of a triplex influent pump station (range of 257 GPM to 708 GPM); a new headworks pretreatment system with a 3-plane cylindrical fine bar screen and a grit separator & classifier; two (2) 55 ft. X 40 ft. X 23 ft. SBR basins with all necessary SBR equipment; a 32 ft. X 22 ft. X 23 ft. post-equalization basin with three (3) 50 GPM pumps; a 32 ft. X 32 ft. X 23 ft. aerobic digester/sludge holding tank with mixer and all other necessary appurtenances; a new blower building with five (5) blowers for SBR units, post–equalization, and digester; a new sludge belt press building with sludge belt press (either a 1.2 or a 0.5 meter belt press) and accessories; a new UV disinfection system; a new washwater system; conversion of the existing oxidation ditch to an equalization basin; conversion of the existing digester to a sludge storage facility; and all necessary piping, valves, controls and appurtenances.

The Environmental Engineering Division of the **OEHS Philippi District Office, (304) 457-2296,** is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:plk

pc: Pentree, Inc
Katheryn Emery, P.E., DEP
Ingrid Ferrell, PSC-Engineering Division
Amy Swann, PSC
Webster County Health Department
OEHS-EED Philippi District Office

20-0960 John Zare Gregg

RECEIVED MAY 19 '11

SCANNED — Pentree, Inc.

RUS BULLETIN 1780-27
(Automated 8-97)

FORM APPROVED
OMB. No. 0575-0015

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE **Board of Directors**

OF THE **Cowen Public Service District**

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS **Sewer**

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the **Cowen Public Service District**
(Public Body)
(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

ONE MILLION TWO HUNDRED SEVENTY THOUSAND AND XX / 100 DOLLARS ($1,270,000.00)

pursuant to the provisions of **Chapter 16 Article 13A, West Virginia Code** ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning. financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and mainte-nance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0015), Washington, DC 20503.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the Government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed $ 3,560,000

under the terms offered by the Government; that the Chairman

and Secretary of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

The vote was: Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the Board of Directors of the Cowen Public Service District has duly adopted this resolution and caused it to be executed by the officers below in duplicate on this 3rd of May [redacted] 2010

Cowen Public Service District

(SEAL)

By James L. Gamble

James L. Gamble

Title Chairman

Attest: Pauline Gnuller

Title Board Member

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Chairman of the **Cowen Public Service District** hereby certify that the **Board of Directors** of such Association is composed of 3 members, of whom 3 constituting a quorum, were present at a meeting thereof duly called and held on the 3rd day of May, 2010; and that the foregoing resolution was adopted at such meeting by the vote shown above, I further certify that as of March 1, 2013, the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 1st day of March, 2013

James L. Gamble

Title Chairman

Water and Waste System Grant Agreement

United States Department of Agriculture

Rural Utilities Service

THIS AGREEMENT dated **March 1, 2013**, between

Cowen Public Service District

a public corporation organized and operating under

Chapter 16 Article 13A, West Virginia Code

(Authorizing Statute)

herein called ``Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called ``Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (waste) system to serve the area under its jurisdiction at an estimated cost of $**7,192,000** and has duly authorized the undertaking of such project.

Grantee is able to finance not more than $**3,632,000** of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of $**3,632,000** has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed $**3,560,000** or **49.50** percent of said project development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the Conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306(a) of The Consolidated Farm and Rural Development Act for the purpose only of defraying a part not to exceed **49.50** percent of the project development costs, as defined by applicable Rural Utilities Service instructions.

Grantee Agrees That Grantee Will:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service, adopted by resolution dated _____, _____, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.
[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

All real estate and related appurtenances owned by the Cowen PSD and used in conjunction with their sewer system.

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.
[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the property for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than $5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of $5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment (use continuation sheets as necessary).

None

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland ``Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of $100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:
[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.
[Revision 1, 11/20/1997]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term ``facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed $**3,560,000** which it will advance to Grantee to meet not to exceed **49.50** percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Chairman

attested and its corporate seal affixed by its duly authorized

Attest:

By Pauline Miller

(Title) Board Member

By James L. Franke

(Title) Chairman

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By _____ Rural Development Specialist
(Title)

WEST VIRGINIA

Infrastructure & Jobs Development Council

Gov. Earl Ray Tomblin
Chairman

Kenneth Lowe, Jr.
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Louis R. Spatafore
Public Member

Joseph Freeland
Public Member

D. K. "Bud" Carr
Public Member

James W. Ellars, P.E.
Executive Director

Barbara J. Pauley
Administrative Secretary

September 8, 2011

James Gamble, Chairman
Cowen Public Service District
P.O. Box 457
Cowen, WV 26206

Re: Cowen Public Service District
Sewer Project No. 2011S-1271 (Revised – formerly 2007S-1004)
Binding Commitment
(Action Required by September 30, 2011)

Dear Mr. Gamble:

The West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) provides this binding offer of an Infrastructure Fund grant of approximately $862,000 (Grant) to the Cowen Public Service District (District) for the above referenced sewer project (Project). The Grant will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference.

Please note that the Infrastructure Council voted to approve the Engineering Costs Variance request for the District's Project. If the District has any questions regarding these matters, please contact James W. Ellars at 304-414-6501 (X106).

Sincerely,

Kenneth Lowe, Jr.

Enclosure

cc: Kathy Emery, P.E., DEP (w/o enclosure) *(via e-mail)*
Samme Gee, Esq., Jackson Kelly (w/o enclosure) *(via e-mail)*
John Tuggle, P.E., Pentree, Inc.
W. D. Smith, Region IV Planning & Development Council

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

COWEN PUBLIC SERVICE DISTRICT

By: James L. Gamble

Its: Chairperson

Date: September 13, 2011

180 Association Drive • Charleston, WV 25311 • Phone (304) 414-6501 • Fax (304) 414-0866

www.wvinfrastructure.com

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Cowen Public Service District
Sewer Project 2011S-1272

SCHEDULE A

A. Approximate Amount: $862,000 Grant

B. Grant: $862,000

1. Grant Advancement Date(s): Monthly, upon receipt of proper requisition.

2. Special Conditions: None

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

C. Other Funding:

COE	$1,500,000
RUS loan (2.5%, 38 yrs)	1,270,000
RUS grant	2,560,000
ARC grant	1,000,000

D. Total Project Cost: $7,192,000

E. Proposed User Rates: Approximately $44.84 / 4000 gallons

IC-2
(03/11)

GRANT AGREEMENT
(2011S-1271)

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), at the direction of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and the COWEN PUBLIC SERVICE DISTRICT (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 $862,100 (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. The Project budget shall not be amended unless the Governmental Agency has received the prior written consent of the Council.

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. Unless agreed to by the Council prior to the commencement of construction, the Grant shall be the last dollars expended on the Project.

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 Authority shall wire the approved requisition amount using the wiring instructions provided in Exhibit B, unless the Council and Authority are provided replacement instructions in writing.

6. 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.

7. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

8. 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.

9. 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.

COWEN PUBLIC SERVICE DISTRICT

By: _____
Its: Chairperson
Date: March 1, 2013

(SEAL)

Attest:
_____
Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

By: _____
Its: Executive Director
Date: March 1, 2013

(SEAL)

Attest:
_____
Its: Authorized Officer

{C1137833.1}

Exhibit A

Project Description

The Project consists of acquisition, construction and installation of improvements to the sewer portion of the existing public combined waterworks and sewerage system of the Governmental Agency, and all necessary appurtenances thereto.

Number of Proposed New Customers to Be Served: N/A
Location: Plant Upgrade

[TO BE PLACED ON LETTERHEAD]

Exhibit B

Wiring Instructions

Cowen Public Service District
PO Box 457
Cowen, WV 26206

Payor:	**West Virginia Water Development Authority**
Source:	**Grant Proceeds**
Amount:	**$_____**
Date:	**_____**
Form:	**Electronic Funds Transfer**
Payee:	**Cowen Public Service District** **PO Box 457, Cowen, WV 26206**
Contact Name:	**Terry Wayne, General Manager**
Telephone:	**(304) 226-3541**
Bank Name:	**First Community Bank**
Bank Street Address:	**902 Northside Drive, Summersville, WV 26651**
Bank Contact:	**Pamela Holcomb**
Telephone:	**(304) 883-4101**
ABA:	**051501299**
Account #:	**10221421**
Account:	**Series 2013 Bonds Construction Trust Fund**

AGREEMENT
BETWEEN
THE DEPARTMENT OF THE ARMY
AND
COWEN PUBLIC SERVICE DISTRICT
FOR
DESIGN AND CONSTRUCTION
ASSISTANCE
FOR THE
COWEN WASTEWATER TREATMENT PLANT UPGRADE
AND EXPANSION ARRA PROJECT

THIS AGREEMENT is entered into this 16th day of February, 2010, by and between the Department of the Army (hereinafter the "Government"), represented by the U.S. Army Engineer, Huntington District and the Cowen Public Service District (hereinafter the "Non-Federal Sponsor"), represented by its Chairman.

WITNESSETH, THAT:

WHEREAS, the Secretary of the Army is authorized to provide design and construction assistance, which may be in the form of grants or reimbursements of the Federal share of project costs, for water-related environmental infrastructure and resource protection and development projects in southern West Virginia (hereinafter the "Section 340 Program") pursuant to Section 340 of the Water Resources Development Act of 1992, Public Law 102-580, as amended (hereinafter "Section 340");

WHEREAS, Section 340 provides that the Secretary of the Army may provide assistance for a water-related environmental infrastructure and resource protection and development project only if the project is publicly owned;

WHEREAS, Section 340 provides that $40,000,000 in Federal funds are authorized to be appropriated for design and construction assistance for the Section 340 Program;

WHEREAS, the U.S. Army Engineer, Huntington District (hereinafter the "District Engineer") has determined that the Cowen Wastewater Treatment Plant Upgrade and Expansion ARRA Project in Cowen, Webster County, West Virginia (hereinafter the "*Project*", as defined in Article I.A. of this Agreement) is eligible for implementation under Section 340;

WHEREAS, Section 340 provides that the Secretary of the Army shall not provide assistance for any water-related environmental infrastructure and resource protection and development projects until each non-Federal sponsor has entered into a written agreement to furnish its required cooperation for the project;

WHEREAS, Section 340 specifies the cost-sharing requirements applicable to the *Project* including that the Secretary of the Army shall afford credit, not to exceed 6 percent of the *total*

construction costs of the Project, for the reasonable costs of design completed by the non-Federal interest before entering into a written agreement with the Secretary;

WHEREAS, Section 102 of the Energy and Water Development Appropriations Act, 2006, Public Law 109-103, provides that credits and reimbursements afforded for all applicable general authorities and under specific project authority shall not exceed $100,000,000 for all applicable programs and projects in each fiscal year;

WHEREAS, the Government and the Non-Federal Sponsor desire to enter into an agreement (hereinafter the "Agreement") for the provision of design and construction assistance for the *Project*;

WHEREAS, Section 1512 of the American Recovery and Reinvestment Act of 2009, Public Law 111-5 (hereinafter the "Recovery Act") requires recipients of Recovery Act funds to report certain information on the use of Recovery Act funds, and the Government intends to provide Recovery Act funds to the Non-Federal Sponsor as reimbursement of the Federal share pursuant to the terms of this Agreement; and

WHEREAS, the Government and Non-Federal Sponsor have the full authority and capability to perform as hereinafter set forth and intend to cooperate in cost-sharing and financing of the *Project* in accordance with the terms of this Agreement; and

WHEREAS, the Government and the Non-Federal Sponsor, in connection with this Agreement, desire to foster a partnering strategy and a working relationship between the Government and the Non-Federal Sponsor through a mutually developed formal strategy of commitment and communication embodied herein, which creates an environment where trust and teamwork prevent disputes, foster a cooperative bond between the Government and the Non-Federal Sponsor, and facilitate the successful implementation of the *Project*.

NOW, THEREFORE, the Government and the Non-Federal Sponsor agree as follows:

ARTICLE I - DEFINITIONS

A. The term "*Project*" shall mean design and construction of an upgrade to the existing wastewater treatment plant and also expansion of service in the Cowen area, including replacement of an existing oxidation ditch, addition of a tertiary treatment system and construction of sludge handling facilities in Cowen, Webster County, West Virginia, as generally described in the "Decision Document, Cowen Wastewater Treatment Plant Upgrade and Expansion Project, Section 340 Southern West Virginia Environmental Infrastructure Program", dated November, 2009 and approved by Amy Frantz, Chief, Planning Branch on January 25, 2010.

B. The term "*total project costs*" shall mean the sum of all costs incurred by the Non-Federal Sponsor and the Government in accordance with the terms of this Agreement that the District Engineer determines are directly related to design and construction of the *Project*.

Subject to the provisions of this Agreement including audits conducted in accordance with Article X.C. of this Agreement to determine the reasonableness, allocability, and allowability of such costs, the term shall include, but is not necessarily limited to: the costs of the Non-Federal Sponsor's *pre-Agreement design work* determined in accordance with Article II.N. of this Agreement, but not to exceed 6 percent of *total construction costs of the Project*; the Non-Federal Sponsor's design costs incurred after the effective date of this Agreement; the Government's costs of review in accordance with Article II.A.1. of this Agreement; the Government's costs of preparation of environmental compliance documentation in accordance with Article II.A.2. of this Agreement; the Government's costs of inspection in accordance with Article II.A.6. of this Agreement; the Government's costs of technical assistance in accordance with Article II.A.1. and Article II.A.6. of this Agreement; the Non-Federal Sponsor's and the Government's costs of investigations to identify the existence and extent of hazardous substances in accordance with Article XIV.A.1. and Article XIV.A.2. of this Agreement; the Non-Federal Sponsor's and the Government's costs of historic preservation activities in accordance with Article XVII.A. and Article XVII.B. of this Agreement; the Non-Federal Sponsor's construction costs; the Non-Federal Sponsor's supervision and administration costs; the Non-Federal Sponsor's costs of identification of legal and institutional structures in accordance with Article II.J. of this Agreement not incurred pursuant to any other agreement for the *Project*; the Non-Federal Sponsor's and the Government's costs of participation in the Project Coordination Team in accordance with Article V of this Agreement; the Non-Federal Sponsor's costs of contract dispute settlements or awards; the value of lands, easements, rights-of-way, *relocations*, and permit costs determined in accordance with Article IV of this Agreement but not to exceed 25 percent of total project costs; the Non-Federal Sponsor's and the Government's costs of audit in accordance with Article X.B. and Article X.C. of this Agreement; and any other costs incurred by the Government pursuant to the provisions of this Agreement. The term does not include any costs of activities performed under any other agreement for the *Project*; any costs for operation, maintenance, repair, rehabilitation, or replacement of the *Project*; any costs of establishment and maintenance of legal and institutional structures in accordance with Article II.J. of this Agreement; any costs of *betterments*; any costs incurred in advertising and awarding any construction contracts prior to the effective date of this Agreement; any construction costs incurred prior to the effective date of this Agreement; any interest penalty paid in accordance with Article VI.B.4. of this Agreement; any costs of dispute resolution under Article VII of this Agreement; the Government's costs for data recovery activities in accordance with Article XVII.D. and Article XVII.E. of this Agreement; or the Non-Federal Sponsor's costs of negotiating this Agreement.

C. The term "*period of design and construction*" shall mean the time from the effective date of this Agreement to the date that construction of the *Project* is complete, as determined by the Government, or the date that this Agreement is terminated in accordance with Article II.E. or Article XIII or Article XIV.C. of this Agreement, whichever is earlier.

D. The term "*highway*" shall mean any highway, roadway, street, or way, including any bridge thereof, that is owned by a public entity.

E. The term "*relocation*" shall mean providing a functionally equivalent facility to the owner of a utility, cemetery, *highway*, railroad, or public facility when such action is authorized in accordance with applicable legal principles of just compensation. Providing a functionally equivalent facility may take the form of alteration, lowering, raising, or replacement and attendant demolition of the affected facility or part thereof.

F. The term "*betterment*" shall mean a difference in the design or construction of an element of the *Project* that results from the application of standards that the Government determines exceed those that the Government would otherwise apply to the design or construction of that element. The term does not include any design or construction for features not included in the *Project* as defined in paragraph A. of this Article.

G. The term "*fiscal year*" shall mean one year beginning on October 1 and ending on September 30.

H. The term "*Federal program funds*" shall mean funds provided by a Federal agency, other than the Department of the Army, plus any non-Federal contribution required as a matching share therefor.

I. The term "*sufficient invoice*" shall mean submission of all of the following three items: (1) a written certification by the Non-Federal Sponsor to the Government that it has made specified payments to contractors, suppliers, or employees for performance of work in accordance with this Agreement, or a written certification by the Non-Federal Sponsor to the Government that it has received bills from contractors, suppliers, or employees for performance of work in accordance with this Agreement; (2) copies of all relevant invoices and evidence of such payments or bills received; and (3) a written request for reimbursement for the amount of such specified payments or bills received that identifies those costs that have been paid or will be paid with *Federal program funds*.

J. The term "*Section 340 Program Limit*" shall mean the amount of Federal funds authorized to be appropriated for the Section 340 Program. As of the effective date of this Agreement, such amount is $40,000,000.

K. The term "*Section 102 Limit*" shall mean the annual limit on credits and reimbursements imposed by Section 102 of the Energy and Water Development Appropriations Act, 2006, Public Law 109-103.

L. The term "*pre-Agreement design work*" shall mean the work performed prior to the effective date of this Agreement by the Non-Federal Sponsor that is directly related to design of the *Project* and that was not performed pursuant to any other agreement for the *Project*.

M. The term "*total construction costs of the Project*" shall mean *total project costs* minus: the value of lands, easements, rights-of-way, and *relocations* and the costs of permits included in *total project costs* as determined in accordance with Article IV of this Agreement; and the costs attributable to design of the *Project* included in *total project costs* as determined in accordance with Article II.C. and Article II.N. of this Agreement.

ARTICLE II - OBLIGATIONS OF THE GOVERNMENT AND THE NON-FEDERAL SPONSOR

A. Using its funds, the Non-Federal Sponsor expeditiously shall design and construct the *Project* in accordance with Federal laws, regulations, and policies.

1. The Non-Federal Sponsor shall require all contractors to whom it awards design contracts to provide 30 percent and 100 percent design information to enable in-progress review of the design. The Government may participate in the review of the design at each stage of completion and may provide technical assistance to the Non-Federal Sponsor on an as-needed basis until the end of the *period of design and construction*. The Government shall perform a final review to verify that the design is complete and is necessary for the *Project*. Upon completion of design, the Non-Federal Sponsor shall furnish the District Engineer with copies of the completed design.

2. Using information developed by the Non-Federal Sponsor, the Government shall develop and coordinate as required, an Environmental Assessment and Finding of No Significant Impact or an Environmental Impact Statement and Record of Decision, as necessary, to inform the public regarding the environmental impacts of the *Project* in accordance with the National Environmental Policy Act of 1969 (hereinafter "NEPA"). The Non-Federal Sponsor shall not issue the solicitation for the first construction contract for the *Project* or commence construction of the *Project* using the Non-Federal Sponsor's own forces until all applicable environmental laws and regulations have been complied with, including, but not limited to NEPA and Section 401 of the Federal Water Pollution Control Act (33 U.S.C. 1341).

3. The Non-Federal Sponsor shall obtain all permits and licenses necessary for the design and construction of the *Project* and, in the exercise of its rights and obligations under this Agreement, shall comply with all applicable Federal, state, and local laws, regulations, ordinances, and policies including the laws and regulations specified in Article XI of this Agreement. As necessary to ensure compliance with such laws, regulations, ordinances, and policies, the Non-Federal Sponsor shall include appropriate provisions in its contracts for the design and construction of the *Project*.

4. The Non-Federal Sponsor shall afford the Government the opportunity to review and comment on the solicitations for all contracts for the *Project*, including relevant plans and specifications, prior to the Non-Federal Sponsor's issuance of such solicitations. To the extent possible, the Non-Federal Sponsor shall afford the Government the opportunity to review and comment on all proposed contract modifications, including change orders. In any instance where providing the Government with notification of a contract modification is not possible prior to execution of the contract modification, the Non-Federal Sponsor shall provide such notification in writing at the earliest date possible. To the extent possible, the Non-Federal Sponsor also shall afford the Government the opportunity to review and comment on all contract claims prior to resolution thereof. The Non-Federal Sponsor shall consider in good faith the

comments of the Government, but the contents of solicitations, award of contracts or commencement of design or construction using the Non-Federal Sponsor's own forces, execution of contract modifications, resolution of contract claims, and performance of all work on the *Project* shall be exclusively within the control of the Non-Federal Sponsor.

5. At the time the Non-Federal Sponsor furnishes a contractor with a notice of acceptance of completed work for each contract for the *Project*, the Non-Federal Sponsor shall furnish a copy thereof to the Government.

6. The Government may perform periodic inspections to verify the progress of construction and that the work is being performed in a satisfactory manner. In addition, the Government may provide technical assistance to the Non-Federal Sponsor on an as-needed basis until the end of the *period of design and construction*. Further, the Government shall perform a final inspection to verify the completion of construction of the entire *Project* or completed portion thereof as the case may be. The Non-Federal Sponsor hereby gives the Government a right to enter, at reasonable times and in a reasonable manner, upon property that the Non-Federal Sponsor now or hereafter owns or controls for the purpose of performing such inspections.

B. In accordance with Article III of this Agreement, the Non-Federal Sponsor shall provide all lands, easements, and rights-of-way, including those required for *relocations*, the borrowing of material, and the disposal of dredged or excavated material, and shall perform or ensure performance of all *relocations* that the Non-Federal Sponsor and the Government jointly determine to be required or to be necessary for construction, operation, and maintenance of the *Project*. In addition, the Non-Federal Sponsor shall obtain all permits necessary for construction, operation, and maintenance of the *Project* on publicly owned or controlled lands.

C. The Government shall determine and include in *total project costs* any costs incurred by the Non-Federal Sponsor that the District Engineer determines are directly related to design and construction of the *Project*, subject to the conditions and limitations of this paragraph.

1. Pursuant to paragraph A.6. of this Article, all work performed by the Non-Federal Sponsor for the *Project* is subject to on-site inspection and determination by the Government that the work was accomplished in a satisfactory manner and is suitable for inclusion in the *Project*.

2. The Non-Federal Sponsor's costs for design and construction that may be eligible for inclusion in *total project costs* shall be subject to an audit in accordance with Article X.C. of this Agreement to determine the reasonableness, allocability and allowability of such costs.

3. No costs shall be included in *total project costs* for any construction of the *Project* that was performed prior to compliance with all applicable environmental laws and

regulations, including, but not limited to NEPA and Section 401 of the Federal Water Pollution Control Act (33 U.S.C. 1341).

4. In the performance of all work for the *Project*, the Non-Federal Sponsor must comply with applicable Federal labor laws covering non-Federal construction, including, but not limited to, 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (revising, codifying and enacting without substantive change the provisions of the Davis-Bacon Act (formerly 40 U.S.C. 276a *et seq.*), the Contract Work Hours and Safety Standards Act (formerly 40 U.S.C. 327 *et seq.*) and the Copeland Anti- Kickback Act (formerly 40 U.S.C. 276c)). Notwithstanding any other provision of this Agreement, inclusion of costs for construction in *total project costs* may be withheld, in whole or in part, as a result of the Non-Federal Sponsor's failure to comply with its obligations under these laws.

5. The Non-Federal Sponsor's costs for design and construction that may be eligible for inclusion in *total project costs* pursuant to this Agreement are not subject to interest charges, nor are they subject to adjustment to reflect changes in price levels between the time the work is completed and the time the costs are included in *total project costs*.

6. The Government shall not include in *total project costs* any costs paid by the Non-Federal Sponsor using *Federal program funds* unless the Federal agency providing the Federal portion of such funds verifies in writing that expenditure of such funds for such purpose is expressly authorized by Federal law.

D. The Government shall reimburse the Non-Federal Sponsor, in accordance with Article VI.B. of this Agreement, the amount necessary so that the Federal contribution towards *total project costs* equals 75 percent; however, any reimbursement by the Government is subject to the availability of funds and is limited by the *Section 340 Program Limit*.

E. Notwithstanding any other provision of this Agreement, Federal financial participation in the *Project* is limited by the following provisions of this paragraph.

1. As of the effective date of this Agreement, $26,511,000 of Federal funds have been provided by the Congress of the United States (hereinafter the "Congress") for the Section 340 Program of which $1,500,000 is currently projected to be available for the *Project*. The Government makes no commitment to request Congress to provide additional Federal funds for the Section 340 Program or the *Project*. Further, the Government's financial participation in the *Project* is limited to the Federal funds that the Government makes available to the *Project*.

2. In the event the Government projects that the amount of Federal funds the Government will make available to the *Project* through the then-current *fiscal year*, or the amount of Federal funds the Government will make available for the *Project* through the upcoming *fiscal year*, is not sufficient to meet the Federal share of *total project costs* and the Federal share of costs for data recovery activities in accordance with Article XVII.D. and Article XVII.E. of this Agreement that the Government projects to be incurred through the then-current or upcoming *fiscal year*, as applicable, the Government shall notify the Non-Federal Sponsor in

writing of such insufficiency of funds and of the date the Government projects that the Federal funds that will have been made available to the *Project* will be exhausted. Upon the exhaustion of Federal funds made available by the Government to the *Project*, the Government's future performance under this Agreement shall be suspended and the parties shall proceed in accordance with Article XIII.B. of this Agreement. However, if the Government cannot make available sufficient Federal funds to meet the Federal share of *total project costs* in the then-current *fiscal year* solely due to the *Section 102 Limit*, only the Government's future performance related to reimbursement pursuant to paragraph D. of this Article shall be suspended.

3. If the Government determines that the total amount of Federal funds provided by Congress for the Section 340 Program has reached the *Section 340 Program Limit*, and the Government projects that the Federal funds the Government will make available to the *Project* within the *Section 340 Program Limit* will not be sufficient to meet the Federal share of *total project costs* and the Federal share of costs for data recovery activities in accordance with Article XVII.D. and Article XVII.E. of this Agreement, the Government shall notify the Non-Federal Sponsor in writing of such insufficiency of funds and of the date the Government projects that the Federal funds that will have been made available to the *Project* will be exhausted. Upon the exhaustion of Federal funds made available by the Government to the *Project* within the *Section 340 Program Limit*, the parties shall terminate this Agreement and proceed in accordance with Article XIII of this Agreement.

F. During the *period of design and construction*, the Non-Federal Sponsor shall prepare and furnish to the Government for review a proposed Operation, Maintenance, Repair, Rehabilitation and Replacement Manual (hereinafter the "OMRR&R Manual"). The failure of the Non-Federal Sponsor to prepare an OMRR&R Manual acceptable to the Government shall not relieve the Non-Federal Sponsor of its responsibilities for operation, maintenance, repair, rehabilitation, and replacement of the entire completed *Project*, or any completed portion thereof as the case may be, in accordance with the provisions of this Agreement.

G. Upon completion of construction and final inspection by the Government in accordance with paragraph A.6. of this Article, the Non-Federal Sponsor shall operate, maintain, repair, rehabilitate, and replace the entire *Project*, or a completed portion thereof as the case may be, in accordance with Article VIII of this Agreement. Further, after completion of all contracts for the *Project*, copies of all of the Non-Federal Sponsor's Written Notices of Acceptance of Completed Work for all contracts for the *Project* that have not been provided previously shall be provided to the Government.

H. Upon conclusion of the *period of design and construction*, the Government shall conduct an accounting, in accordance with Article VI.C. of this Agreement, and furnish the results to the Non-Federal Sponsor.

I. The Non-Federal Sponsor and the Government, in consultation with appropriate Federal and State officials, shall develop a facilities or resource protection and development plan. Such plan shall include necessary design, completion of all necessary NEPA compliance, preparation of appropriate engineering plans and specifications, preparation of an OMRR&R

Manual, and any other matters related to design and construction of the *Project* in accordance with this Agreement.

J. The Non-Federal Sponsor shall identify, establish, and maintain such legal and institutional structures as are necessary to assure the effective long-term operation of the *Project*. The Non-Federal Sponsor shall provide to the Government a description of such legal and institutional structures and such descriptions shall be included in the OMRR&R Manual prepared by the Non-Federal Sponsor. The Non-Federal Sponsor's costs of identification of such legal and institutional structures shall be included in *total project costs* and shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs. The Government shall have no obligation under this Agreement for any costs of establishment and maintenance of such legal and institutional structures.

K. The Non-Federal Sponsor shall not use *Federal program funds* to meet any of its obligations for the *Project* under this Agreement unless the Federal agency providing the Federal portion of such funds verifies in writing that expenditure of such funds for such purpose is expressly authorized by Federal law.

L. The Non-Federal Sponsor may request the Government to acquire lands, easements, or rights-of-way or to perform *relocations* for the *Project* on behalf of the Non-Federal Sponsor. Such requests shall be in writing and shall describe the services requested to be performed or provided. If in its sole discretion the Government elects to perform or provide the requested services or any portion thereof, it shall so notify the Non-Federal Sponsor in a writing that sets forth any applicable terms and conditions, which must be consistent with this Agreement. In the event of conflict between such a writing and this Agreement, this Agreement shall control. The Non-Federal Sponsor shall be solely responsible for all costs of the services performed or provided by the Government under this paragraph and shall pay all such costs in accordance with Article VI.D. of this Agreement. Notwithstanding the acquisition of lands, easements, or rights-of-way or performance of *relocations* by the Government, the Non-Federal Sponsor shall be responsible, as between the Government and the Non-Federal Sponsor, for any costs of cleanup and response in accordance with Article XIV.C. of this Agreement.

M. In the event that the Non-Federal Sponsor elects to include *betterments* in the design or construction of the *Project* during the *period of design and construction*, the Non-Federal Sponsor shall notify the Government in writing and describe the *betterments* it intends to design and construct. The Non-Federal Sponsor shall be solely responsible for all costs due to *betterments*, including costs associated with obtaining permits therefor, and shall pay all such costs without reimbursement by the Government.

N. The Government shall determine and include in *total project costs* the reasonable costs incurred by the Non-Federal Sponsor for *pre-Agreement design work*, subject to the conditions and limitations of this paragraph, that have not been incurred pursuant to any other agreement for the *Project* but not to exceed 6 percent of *total construction costs of the Project*. The Non-Federal Sponsor in a timely manner shall provide the Government with such documents

as are sufficient to enable the Government to determine the amount of costs to be included in *total project costs* for *pre-Agreement design work.*

1. *Pre-Agreement design work* shall be subject to a review by the Government to verify that the work was accomplished in a satisfactory manner and is necessary for the *Project.*

2. Where the Non-Federal Sponsor's cost for completed *pre-Agreement design work* is expressed as fixed costs plus a percentage of construction costs, the Non-Federal Sponsor shall renegotiate such costs with its Architect-Engineer based on actual costs.

3. The Non-Federal Sponsor's costs for *pre-Agreement design work* that may be eligible for inclusion in *total project costs* shall be subject to an audit in accordance with Article X.C. of this Agreement to determine the reasonableness, allocability and allowability of such costs.

4. The Non-Federal Sponsor's costs for *pre-Agreement design work* that may be eligible for inclusion in *total project costs* pursuant to this paragraph are not subject to interest charges, nor are they subject to adjustment to reflect changes in price levels between the time the *pre-Agreement design work* was completed and the time the costs are included in *total project costs.*

5. The Government shall not include in *total project costs* any costs for *pre-Agreement design work* paid by the Non-Federal Sponsor using *Federal program funds* unless the Federal agency providing the Federal portion of such funds verifies in writing that expenditure of such funds for such purpose is expressly authorized by Federal law.

ARTICLE III - LANDS, EASEMENTS, RIGHTS-OF-WAY, RELOCATIONS, AND COMPLIANCE WITH PUBLIC LAW 91-646, AS AMENDED

A. The Non-Federal Sponsor and the Government jointly shall determine the lands, easements, and rights-of-way required for construction, operation, and maintenance of the *Project*, including those required for *relocations*, the borrowing of material, and the disposal of dredged or excavated material. Upon reaching such determination, the Government shall provide written confirmation to the Non-Federal Sponsor thereof including a description of the lands, easements, and rights-of-way jointly determined to be required. Prior to the issuance of the solicitation for each contract for construction of the *Project*, or prior to the Non-Federal Sponsor incurring any financial obligations for construction of a portion of the *Project* using the Non-Federal Sponsor's own forces, the Non-Federal Sponsor shall acquire all lands, easements, and rights-of-way the Non-Federal Sponsor and the Government jointly determine the Non-Federal Sponsor must provide for that work and shall certify in writing to the Government that said interests have been acquired. Furthermore, prior to the end of the *period of design and construction*, the Non-Federal Sponsor shall acquire all lands, easements, and rights-of-way required for construction, operation, and maintenance of the *Project*. The Non-Federal Sponsor shall ensure that lands, easements, and rights-of-way required for the *Project* and that were

provided by the Non-Federal Sponsor are retained in public ownership for uses compatible with the authorized purposes of the *Project*.

B. The Non-Federal Sponsor and the Government jointly shall determine the *relocations* necessary for construction, operation, and maintenance of the *Project*, including those necessary to enable the borrowing of material or the disposal of dredged or excavated material. Upon reaching such determination, the Government shall provide written confirmation to the Non-Federal Sponsor thereof including a description of the *relocations* jointly determined to be necessary. Prior to the issuance of the solicitation for each contract for construction of the *Project*, or prior to the Non-Federal Sponsor incurring any financial obligations for construction of a portion of the *Project* using the Non-Federal Sponsor's own forces, the Non-Federal Sponsor shall prepare or ensure the preparation of plans and specifications for, and perform or ensure the performance of, all *relocations* the Non-Federal Sponsor and the Government jointly determine to be necessary for that work and certify in writing to the Government that said work has been performed. Furthermore, prior to the end of the *period of design and construction*, the Non-Federal Sponsor shall perform or ensure performance of all *relocations* necessary for construction, operation, and maintenance of the *Project*.

C. The Non-Federal Sponsor shall comply with the applicable provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91-646, as amended (42 U.S.C. 4601-4655), and the Uniform Regulations contained in 49 C.F.R. Part 24, in acquiring lands, easements, and rights-of-way required for construction, operation, and maintenance of the *Project*, including those required for *relocations*, the borrowing of material, or the disposal of dredged or excavated material, and shall inform all affected persons of applicable benefits, policies, and procedures in connection with said Act.

ARTICLE IV - VALUE OF LANDS, EASEMENTS, RIGHTS-OF-WAY, AND RELOCATIONS AND COSTS OF PERMITS

A. The Government shall include in *total project costs* the value of the lands, easements, and rights-of-way that the Non-Federal Sponsor and the Government jointly determine must be provided by the Non-Federal Sponsor pursuant to Article III.A. of this Agreement and the value of the *relocations* that the Non-Federal Sponsor and the Government jointly determine must be performed by the Non-Federal Sponsor or for which it must ensure performance pursuant to Article III.B. of this Agreement. The Government also shall include in *total project costs* the reasonable costs incurred by the Non-Federal Sponsor that are associated with obtaining permits pursuant to Article II.B. of this Agreement that are necessary for construction, operation, and maintenance of the *Project* on publicly owned or controlled lands. However, the Government shall not include in *total project costs* the value of any lands, easements, rights-of-way, or *relocations* that have been provided previously as an item of cooperation for another Federal project. Further, the Government shall not include in *total project costs* the value of lands, easements, rights-of-way, or *relocations* that were acquired or performed using *Federal program funds* or the costs of obtaining permits paid using *Federal program funds* unless the Federal agency providing the Federal portion of such funds verifies in writing that reimbursement for the

value and costs of such items is expressly authorized by Federal law. Finally, no value or costs of such items shall be included in *total project costs* pursuant to this Article, and no reimbursement shall be provided to the Non-Federal Sponsor, for any value or costs in excess of 25 percent of *total project costs*.

B. The Non-Federal Sponsor in a timely manner shall provide the Government with such documents as are sufficient to enable the Government to determine the value of any contribution provided pursuant to Article III.A. or Article III.B. of this Agreement and to determine the reasonable costs incurred by the Non-Federal Sponsor that are associated with obtaining permits pursuant to Article II.B. of this Agreement. Upon receipt of such documents, the Government in a timely manner shall determine the value of such contributions and the reasonable costs for obtaining such permits and include in *total project costs* the amount of such value and costs that does not exceed 25 percent of *total project costs*.

C. For the sole purpose of determining the value to be included in *total project costs* in accordance with this Agreement and except as otherwise provided in paragraph E. of this Article, the value of lands, easements, and rights-of-way, including those required for *relocations*, the borrowing of material, and the disposal of dredged or excavated material, shall be the fair market value of the real property interests, plus certain incidental costs of acquiring those interests, as determined in accordance with the provisions of this paragraph.

1. Date of Valuation. The fair market value of lands, easements, or rights-of-way owned by the Non-Federal Sponsor on the effective date of this Agreement shall be the fair market value of such real property interests as of the date the Non-Federal Sponsor awards the first construction contract for the *Project*, or, if the Non-Federal Sponsor performs the construction using its own forces, the date that the Non-Federal Sponsor begins construction of the *Project*. The fair market value of lands, easements, or rights-of-way acquired by the Non-Federal Sponsor after the effective date of this Agreement shall be the fair market value of such real property interests at the time the interests are acquired.

2. General Valuation Procedure. Except as provided in paragraph C.3. or paragraph C.5. of this Article, the fair market value of lands, easements, or rights-of-way shall be determined in accordance with the provisions of this paragraph.

a. The Non-Federal Sponsor shall obtain, for each real property interest, an appraisal that is prepared by a qualified appraiser who is acceptable to the Non-Federal Sponsor and the Government. The Non-Federal Sponsor shall provide a copy of each appraisal to the Government. The appraisal must be prepared in accordance with the applicable rules of just compensation, as specified by the Government. The fair market value shall be the amount set forth in the Non-Federal Sponsor's appraisal, if such appraisal is approved by the Government. In the event the Government does not approve the Non-Federal Sponsor's appraisal, the Non-Federal Sponsor may obtain a second appraisal, and the fair market value shall be the amount set forth in the Non-Federal Sponsor's second appraisal, if such appraisal is approved by the Government. In the event the Government does not approve the Non-Federal Sponsor's second appraisal, the Non-Federal Sponsor chooses not to obtain a second appraisal, or the Non-Federal

Sponsor does not provide the first appraisal as required in this paragraph, the Government shall obtain an appraisal, and the fair market value shall be the amount set forth in the Government's appraisal, if such appraisal is approved by the Non-Federal Sponsor. In the event the Non-Federal Sponsor does not approve the Government's appraisal, the Government, after consultation with the Non-Federal Sponsor, shall consider the Government's and the Non-Federal Sponsor's appraisals and determine an amount based thereon, which shall be deemed to be the fair market value.

b. Where the amount paid or proposed to be paid by the Non-Federal Sponsor for the real property interest exceeds the amount determined pursuant to paragraph C.2.a. of this Article, the Government, at the request of the Non-Federal Sponsor, shall consider all factors relevant to determining fair market value and, in its sole discretion, after consultation with the Non-Federal Sponsor, may approve in writing an amount greater than the amount determined pursuant to paragraph C.2.a. of this Article, but not to exceed the amount actually paid or proposed to be paid. If the Government approves such an amount, the fair market value shall be the lesser of the approved amount or the amount paid by the Non-Federal Sponsor, but no less than the amount determined pursuant to paragraph C.2.a. of this Article.

3. Eminent Domain Valuation Procedure. For lands, easements, or rights-of-way acquired by eminent domain proceedings instituted after the effective date of this Agreement, the Non-Federal Sponsor, prior to instituting such proceedings, shall submit to the Government notification in writing of its intent to institute such proceedings and an appraisal of the specific real property interests to be acquired in such proceedings. The Government shall have 60 calendar days after receipt of such a notice and appraisal within which to review the appraisal, if not previously approved by the Government in writing.

a. If the Government previously has approved the appraisal in writing, or if the Government provides written approval of, or takes no action on, the appraisal within such 60 day period, the Non-Federal Sponsor shall use the amount set forth in such appraisal as the estimate of just compensation for the purpose of instituting the eminent domain proceeding.

b. If the Government provides written disapproval of the appraisal, including the reasons for disapproval, within such 60 day period, the Government and the Non-Federal Sponsor shall consult in good faith to promptly resolve the issues or areas of disagreement that are identified in the Government's written disapproval. If, after such good faith consultation, the Government and the Non-Federal Sponsor agree as to an appropriate amount, then the Non-Federal Sponsor shall use that amount as the estimate of just compensation for the purpose of instituting the eminent domain proceeding. If, after such good faith consultation, the Government and the Non-Federal Sponsor cannot agree as to an appropriate amount, then the Non-Federal Sponsor may use the amount set forth in its appraisal as the estimate of just compensation for the purpose of instituting the eminent domain proceeding.

c. For lands, easements, or rights-of-way acquired by eminent domain proceedings instituted in accordance with paragraph C.3. of this Article, fair market value shall be either the amount of the court award for the real property interests taken, to the extent the

Non-Federal Sponsor and the Government jointly determined such interests are required for construction, operation, and maintenance of the *Project*, or the amount of any stipulated settlement or portion thereof that the Government approves in writing.

4. Incidental Costs. For lands, easements, or rights-of-way acquired by the Non-Federal Sponsor within a five year period preceding the effective date of this Agreement, or at any time after the effective date of this Agreement, the value of the interest shall include the documented incidental costs of acquiring the interest, as determined by the Government, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs. Such incidental costs shall include, but not necessarily be limited to, closing and title costs, appraisal costs, survey costs, attorney's fees, plat maps, mapping costs, actual amounts expended for payment of any relocation assistance benefits provided in accordance with Article III.C. of this Agreement, and other payments by the Non-Federal Sponsor for items that are generally recognized as compensable, and required to be paid, by applicable state law due to the acquisition of a real property interest in accordance with Article III of this Agreement. The value of the interests provided by the Non-Federal Sponsor in accordance with Article III.A. of this Agreement shall also include the documented costs of obtaining appraisals prepared for review by the Government pursuant to paragraph C.2.a. of this Article subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

5. Waiver of Appraisal. Except as required by paragraph C.3. of this Article, the Government may waive the requirement for an appraisal pursuant to this paragraph if it determines that an appraisal is unnecessary because the valuation is uncomplicated and that the estimated fair market value of the real property interest is $10,000 or less based upon a review of available data. In such event, the Government and the Non-Federal Sponsor must agree in writing to the value of such real property interest in an amount not in excess of $10,000.

D. After consultation with the Non-Federal Sponsor, the Government shall determine the value of *relocations* in accordance with the provisions of this paragraph.

1. For a *relocation* other than a *highway*, the value shall be only that portion of *relocation* costs that the Government determines is necessary to provide a functionally equivalent facility, reduced by depreciation, as applicable, and by the salvage value of any removed items.

2. For a *relocation* of a *highway*, the value shall be only that portion of *relocation* costs that would be necessary to accomplish the *relocation* in accordance with the design standard that the State of West Virginia would apply under similar conditions of geography and traffic load, reduced by the salvage value of any removed items.

3. *Relocation* costs shall include, but not necessarily be limited to, actual costs of performing the *relocation*; planning, engineering and design costs; supervision and administration costs; and documented incidental costs associated with performance of the *relocation*, as determined by the Government. *Relocation* costs shall not include any costs due to *betterments*, as determined by the Government, nor any additional cost of using new material

when suitable used material is available. *Relocation* costs shall be subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

4. The value to be included in *total project costs* for *relocations* performed within the *Project* boundaries is subject to satisfactory compliance with applicable Federal labor laws covering non-Federal construction, including, but not limited to, 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (revising, codifying and enacting without substantive change the provisions of the Davis-Bacon Act (formerly 40 U.S.C. 276a *et seq.*), the Contract Work Hours and Safety Standards Act (formerly 40 U.S.C. 327 *et seq.*) and the Copeland Anti-Kickback Act (formerly 40 U.S.C. 276c)). Notwithstanding any other provision of this Agreement, inclusion of the value of *relocations* in *total project costs* may be denied, in whole or in part, as a result of the Non-Federal Sponsor's failure to comply with its obligations under these laws.

E. Where the Government, on behalf of the Non-Federal Sponsor pursuant to Article II.L. of this Agreement, acquires lands, easements, or rights-of-way or performs *relocations*, the value to be included in *total project costs* in accordance with this Agreement shall be the costs of such work performed or provided by the Government that are paid by the Non-Federal Sponsor in accordance with Article VI.D. of this Agreement. In addition, the value to be included in *total project costs* in accordance with this Agreement shall include the documented costs incurred by the Non-Federal Sponsor in accordance with the terms and conditions agreed upon in writing pursuant to Article II.L. of this Agreement subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

F. The Government shall include in *total project costs* the reasonable costs incurred by the Non-Federal Sponsor pursuant to Article II.B. of this Agreement that are associated with obtaining permits necessary for construction, operation, and maintenance of the *Project* on publicly owned or controlled lands, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

ARTICLE V - PROJECT COORDINATION TEAM

A. To provide for consistent and effective communication, the Non-Federal Sponsor and the Government, not later than 30 calendar days after the effective date of this Agreement, shall appoint named senior representatives to a Project Coordination Team. Thereafter, the Project Coordination Team shall meet regularly until the end of the *period of design and construction*. The Government's Project Manager and a counterpart named by the Non-Federal Sponsor shall co-chair the Project Coordination Team.

B. The Government's Project Manager and the Non-Federal Sponsor's counterpart shall keep the Project Coordination Team informed of the progress of design and construction and of significant pending issues and actions, and shall seek the views of the Project Coordination Team on matters that the Project Coordination Team generally oversees.

C. Until the end of the *period of design and construction*, the Project Coordination Team shall generally oversee the *Project*, including matters related to: design; completion of all necessary NEPA coordination; plans and specifications; scheduling; real property and *relocation* requirements; real property acquisition; contract awards and modifications; contract costs; the application of and compliance with 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (revising, codifying and enacting without substantive change the provisions of the Davis-Bacon Act (formerly 40 U.S.C. 276a *et seq.*), the Contract Work Hours and Safety Standards Act (formerly 40 U.S.C. 327 *et seq.*) and the Copeland Anti-Kickback Act (formerly 40 U.S.C. 276c)) for *relocations* and the construction portion of the *Project*; the investigations to identify the existence and extent of hazardous substances in accordance with Article XIV.A. of this Agreement; historic preservation activities in accordance with Article XVII of this Agreement; the Government's cost projections; final inspection of the entire *Project* or completed portions thereof as the case may be; preparation of the proposed OMRR&R Manual; anticipated requirements and needed capabilities for performance of operation, maintenance, repair, rehabilitation, and replacement of the *Project* including issuance of permits; and other matters related to the *Project*. This oversight of the *Project* shall be consistent with a project management plan developed by the Government and the Non-Federal Sponsor.

D. The Project Coordination Team may make recommendations to the Non-Federal Sponsor on matters related to the *Project* that the Project Coordination Team generally oversees, including suggestions to avoid potential sources of dispute. The Non-Federal Sponsor in good faith shall consider the recommendations of the Project Coordination Team. The Non-Federal Sponsor, having the legal authority and responsibility for design and construction of the *Project*, has the discretion to accept or reject, in whole or in part, the Project Coordination Team's recommendations except as otherwise required by the provisions of this Agreement, including compliance with applicable Federal, State, or local laws or regulations.

E. The Non-Federal Sponsor's costs of participation in the Project Coordination Team shall be included in *total project costs* and shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs. The Government's costs of participation in the Project Coordination Team shall be included in *total project costs* and shared in accordance with the provisions of this Agreement.

ARTICLE VI - METHOD OF PAYMENT

A. The Non-Federal Sponsor shall provide the Government with such documents as are sufficient to enable the Government to maintain current records and provide to the Non-Federal Sponsor current projections of costs, financial obligations, contributions provided by the parties, the value included in *total project costs* of lands, easements, rights-of-way, *relocations*, and permit costs determined in accordance with Article IV of this Agreement, and the costs included in *total project costs* for the *pre-Agreement design work* determined in accordance with Article II.N. of this Agreement.

1. As of the effective date of this Agreement, *total project costs* are projected to be $2,000,000; the Government's share of *total project costs* is projected to be $1,500,000; the Non-Federal Sponsor's share of *total project costs* is projected to be $500,000; *total project costs* to be incurred by the Government are projected to be $50,000; *total project costs* to be incurred by the Non-Federal Sponsor are projected to be $1,950,000; total reimbursements in accordance with paragraph B.2. of this Article are projected to be $1,450,000; the value included in *total project costs* of lands, easements, rights-of-way, *relocations*, and permit costs determined in accordance with Article IV of this Agreement is projected to be $15,000; the costs included in *total project costs* for the *pre-Agreement design work* determined in accordance with Article II.N. of this Agreement are projected to be $80,000; the Government's share of financial obligations for data recovery activities pursuant to Article XVII.E. of this Agreement is projected to be $0; the Non-Federal Sponsor's share of financial obligations for data recovery activities pursuant to Article XVII.E. of this Agreement is projected to be $0; and the Government's total financial obligations to be incurred for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor and the Non-Federal Sponsor's contribution of funds for such obligations required by Article II.L. of this Agreement are projected to be $0. These amounts are estimates subject to adjustment by the Government, after consultation with the Non-Federal Sponsor, and are not to be construed as the total financial responsibilities of the Government and the Non-Federal Sponsor.

2. By April 30, 2010 and by each quarterly anniversary thereof until the conclusion of the *period of design and construction* and resolution of all relevant claims and appeals and eminent domain proceedings, the Government shall provide the Non-Federal Sponsor with a report setting forth all contributions provided to date and the current projections of the following: *total project costs*; the Government's share of *total project costs*; the Non-Federal Sponsor's share of *total project costs*; *total project costs* incurred by the Government; *total project costs* incurred by the Non-Federal Sponsor; total reimbursements paid to the Non-Federal Sponsor; the value included in *total project costs* of lands, easements, rights-of-way, *relocations*, and permit costs determined in accordance with Article IV of this Agreement; the costs included in *total project costs* for the *pre-Agreement design work* determined in accordance with Article II.N. of this Agreement; the Government's share of financial obligations for data recovery activities pursuant to Article XVII.E. of this Agreement; the Non-Federal Sponsor's share of financial obligations for data recovery activities pursuant to Article XVII.E. of this Agreement; and the Government's total financial obligations to be incurred for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor and the Non-Federal Sponsor's contribution of funds for such obligations required by Article II.L. of this Agreement.

B. The Government, subject to the availability of funds, shall reimburse the Non-Federal Sponsor, in accordance with the provisions of this paragraph, the amount required pursuant to Article II.D. of this Agreement.

1. Periodically, but not more frequently than once every 30 calendar days, the Non-Federal Sponsor shall provide the Government with a *sufficient invoice* for costs the Non-Federal Sponsor has incurred for the *Project*.

2. Upon receipt of such *sufficient invoice*, the Government shall review the costs identified therein and shall determine: (a) the amount to be included in *total project costs*, subject to the limitations in Article II.C. of this Agreement; (b) the total costs incurred by the parties to date (including the value of lands, easements, rights-of-way, and *relocations*, and the costs of permits determined in accordance with Article IV of this Agreement); (c) each party's share of *total project costs* and the costs of data recovery activities in accordance with Article XVII.E. of this Agreement incurred by the parties to date; (d) the costs incurred by each party to date; (e) the total amount of reimbursements the Government has made to date in accordance with this paragraph; (f) the balance of Federal funds available for the *Project*, as of the date of such review; (g) the amount of reimbursement, if any, due to the Non-Federal Sponsor; and (h) the amount that actually will be paid to the Non-Federal Sponsor (hereinafter the "payment amount") if the amount of reimbursement determined above cannot be fully paid due to an insufficiency of Federal funds or the limitations of the *Section 340 Program Limit* or the *Section 102 Limit*.

3. Within 30 calendar days after receipt of the *sufficient invoice* provided in accordance with paragraph B.1. of this Article (hereinafter the "payment period"), the Government shall: furnish the Non-Federal Sponsor written notice of the determinations made in accordance with paragraph B.2. of this Article; provide an explanation, if necessary, of why the payment amount is less than the amount of reimbursement determined due to the Non-Federal Sponsor; and make a payment to the Non-Federal Sponsor equal to the payment amount.

4. If the payment amount is not paid by the end of the payment period, the designated payment office shall credit to the Non-Federal Sponsor's account an interest penalty on the payment amount, without request from the Non-Federal Sponsor. Unless prescribed by other Federal authority, the interest penalty shall be at the rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) that is in effect on the first day after the end of the payment period.

a. The interest penalty shall accrue daily from the first day after the end of the payment period through the date on which the payment is made. Accruals shall be compounded at 30 calendar day intervals through the date on which the payment is made.

b. The interest penalty shall not accrue, nor be compounded, during suspension of all of the Government's future performance or during suspension of only the Government's future performance to provide reimbursement. Further no interest penalty shall accrue, nor be compounded, upon termination of this Agreement under Article XIII of this Agreement.

C. Upon conclusion of the *period of design and construction* and resolution of all relevant claims and appeals and eminent domain proceedings, the Government shall conduct a final accounting and furnish the Non-Federal Sponsor with written notice of the results of such final accounting. If outstanding relevant claims and appeals or eminent domain proceedings prevent a final accounting from being conducted in a timely manner, the Government shall conduct an interim accounting and furnish the Non-Federal Sponsor with written notice of the results of such interim accounting. Once all outstanding relevant claims and appeals and eminent domain

proceedings are resolved, the Government shall amend the interim accounting to complete the final accounting and furnish the Non-Federal Sponsor with written notice of the results of such final accounting. The interim or final accounting, as applicable, shall determine *total project costs* and the costs of any data recovery activities. In addition, for each set of costs, the interim or final accounting, as applicable, shall determine each party's required share thereof, and each party's total contributions thereto as of the date of such accounting.

1. Should the interim or final accounting, as applicable, show that the Government's total required shares of *total project costs* and the costs of any data recovery activities exceed the Government's total contributions provided thereto, the Government, no later than 90 calendar days after completion of the interim or final accounting, as applicable, shall make a payment to the Non-Federal Sponsor, subject to the availability of funds and as limited by the *Section 340 Program Limit* and the *Section 102 Limit*, in an amount equal to the difference.

2. Should the interim or final accounting, as applicable, show that the total contributions provided by the Government for *total project costs* and the costs of any data recovery activities exceed the Government's total required shares thereof, the Non-Federal Sponsor shall refund the excess amount to the Government within 90 calendar days of the date of completion of such accounting by delivering a check payable to "FAO, USAED, Huntington District" to the District Engineer or by providing an Electronic Funds Transfer in accordance with procedures established by the Government. In the event the Government is due a refund and funds are not available to refund the excess to the Government, the Non-Federal Sponsor shall seek such appropriations as are necessary to make the refund.

D. The Non-Federal Sponsor shall provide the contribution of funds required by Article II.L. of this Agreement for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor in accordance with the provisions of this paragraph.

1. Not less than 60 calendar days prior to the scheduled date for the first financial obligation for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor, the Government shall notify the Non-Federal Sponsor in writing of such scheduled date and of the full amount of funds the Government determines to be required from the Non-Federal Sponsor to cover the costs of such work. No later than 30 calendar days prior to the Government incurring any financial obligation for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor, the Non-Federal Sponsor shall provide the Government with the full amount of the funds required to cover the costs of such work by delivering a check payable to "FAO, USAED, Huntington District" to the District Engineer, or verifying to the satisfaction of the Government that the Non-Federal Sponsor has deposited the required funds in an escrow or other account acceptable to the Government, with interest accruing to the Non-Federal Sponsor, or by presenting the Government with an irrevocable letter of credit acceptable to the Government for the required funds, or by providing an Electronic Funds Transfer of the required funds in accordance with procedures established by the Government.

2. The Government shall draw from the funds provided by the Non-Federal Sponsor such sums as the Government deems necessary to cover the Government's financial obligations for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor as they are incurred. If at any time the Government determines that the Non-Federal Sponsor must provide additional funds to pay for such work, the Government shall notify the Non-Federal Sponsor in writing of the additional funds required and provide an explanation of why additional funds are required. Within 30 calendar days from receipt of such notice, the Non-Federal Sponsor shall provide the Government with the full amount of the additional required funds through any of the payment mechanisms specified in paragraph D.1. of this Article.

3. At the time the Government conducts the interim or final accounting, as applicable, the Government shall conduct an accounting of the Government's financial obligations incurred for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor and furnish the Non-Federal Sponsor with written notice of the results of such accounting. If outstanding relevant claims and appeals or eminent domain proceedings prevent a final accounting of such work from being conducted in a timely manner, the Government shall conduct an interim accounting of such work and furnish the Non-Federal Sponsor with written notice of the results of such interim accounting. Once all outstanding relevant claims and appeals and eminent domain proceedings are resolved, the Government shall amend the interim accounting to complete the final accounting and furnish the Non-Federal Sponsor with written notice of the results of such final accounting. Such interim or final accounting, as applicable, shall determine the Government's total financial obligations for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor and the Non-Federal Sponsor's contribution of funds provided thereto as of the date of such accounting.

a. Should the interim or final accounting, as applicable, show that the total obligations for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor exceed the total contribution of funds provided by the Non-Federal Sponsor for such work, the Non-Federal Sponsor, no later than 90 calendar days after receipt of written notice from the Government, shall make a payment to the Government in an amount equal to the difference by delivering a check payable to "FAO, USAED, Huntington District" to the District Engineer or by providing an Electronic Funds Transfer in accordance with procedures established by the Government.

b. Should the interim or final accounting, as applicable, show that the total contribution of funds provided by the Non-Federal Sponsor for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor exceeds the total obligations for such work, the Government, subject to the availability of funds, shall refund the excess amount to the Non-Federal Sponsor within 90 calendar days of the date of completion of such accounting. In the event the Non-Federal Sponsor is due a refund and funds are not available to refund the excess amount to the Non-Federal Sponsor, the Government shall seek such appropriations as are necessary to make the refund.

ARTICLE VII - DISPUTE RESOLUTION

As a condition precedent to a party bringing any suit for breach of this Agreement, that party must first notify the other party in writing of the nature of the purported breach and seek in good faith to resolve the dispute through negotiation. If the parties cannot resolve the dispute through negotiation, they may agree to a mutually acceptable method of non-binding alternative dispute resolution with a qualified third party acceptable to both parties. Each party shall pay an equal share of any costs for the services provided by such a third party as such costs are incurred. The existence of a dispute shall not excuse the parties from performance pursuant to this Agreement.

ARTICLE VIII – OPERATION, MAINTENANCE, REPAIR, REHABILITATION, AND REPLACEMENT (OMRR&R)

A. Upon completion of construction and final inspection by the Government in accordance with Article II.A.6. of this Agreement, the Non-Federal Sponsor, pursuant to Article II.G. of this Agreement, shall operate, maintain, repair, rehabilitate, and replace the entire *Project*, or a completed portion thereof as the case may be, at no cost to the Government. The Non-Federal Sponsor shall conduct its operation, maintenance, repair, rehabilitation, and replacement responsibilities in a manner compatible with the *Project's* authorized purposes and in accordance with specific directions prescribed by the Government in the interim or final OMRR&R Manual and any subsequent amendments thereto.

B. The Non-Federal Sponsor hereby gives the Government a right to enter, at reasonable times and in a reasonable manner, upon property that the Non-Federal Sponsor now or hereafter owns or controls for access to the *Project* for the purpose of inspection, if the Government determines an inspection to be necessary. If an inspection shows that the Non-Federal Sponsor for any reason is failing to perform its obligations under this Agreement, the Government shall send a written notice describing the non-performance to the Non-Federal Sponsor.

ARTICLE IX – HOLD AND SAVE

The Non-Federal Sponsor shall hold and save the Government free from all damages arising from design, construction, operation, maintenance, repair, rehabilitation, and replacement of the *Project* and any *betterments*, except for damages due to the fault or negligence of the Government or its contractors.

ARTICLE X - MAINTENANCE OF RECORDS AND AUDIT

A. Not later than 60 calendar days after the effective date of this Agreement, the Government and the Non-Federal Sponsor shall develop procedures for keeping books, records,

documents, or other evidence pertaining to costs and expenses incurred pursuant to this Agreement. These procedures shall incorporate, and apply as appropriate, the standards for financial management systems set forth in the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments at 32 C.F.R. Section 33.20. The Government and the Non-Federal Sponsor shall maintain such books, records, documents, or other evidence in accordance with these procedures and for a minimum of three years after completion of the accounting for which such books, records, documents, or other evidence were required. To the extent permitted under applicable Federal laws and regulations, the Government and the Non-Federal Sponsor shall each allow the other to inspect such books, records, documents, or other evidence.

B. In accordance with 32 C.F.R. Section 33.26, the Non-Federal Sponsor is responsible for complying with the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507), as implemented by Office of Management and Budget (OMB) Circular No. A-133 and Department of Defense Directive 7600.10. Upon request of the Non-Federal Sponsor and to the extent permitted under applicable Federal laws and regulations, the Government shall provide to the Non-Federal Sponsor and independent auditors any information necessary to enable an audit of the Non-Federal Sponsor's activities under this Agreement. The costs of any non-Federal audits performed in accordance with this paragraph shall be allocated in accordance with the provisions of OMB Circulars A-87 and A-133, and such costs as are allocated to the *Project* shall be included in *total project costs* and shared in accordance with the provisions of this Agreement.

C. In accordance with 31 U.S.C. 7503, the Government may conduct audits in addition to any audit that the Non-Federal Sponsor is required to conduct under the Single Audit Act Amendments of 1996. Any such Government audits shall be conducted in accordance with Government Auditing Standards and the cost principles in OMB Circular No. A-87 and other applicable cost principles and regulations. The costs of Government audits performed in accordance with this paragraph shall be included in *total project costs* and shared in accordance with the provisions of this Agreement.

ARTICLE XI - FEDERAL AND STATE LAWS

In the exercise of their respective rights and obligations under this Agreement, the Non-Federal Sponsor and the Government shall comply with all applicable Federal and State laws and regulations, including, but not limited to: Section 601 of the Civil Rights Act of 1964, Public Law 88-352 (42 U.S.C. 2000d) and Department of Defense Directive 5500.11 issued pursuant thereto; Army Regulation 600-7, entitled "Nondiscrimination on the Basis of Handicap in Programs and Activities Assisted or Conducted by the Department of the Army"; and all applicable Federal labor standards requirements including, but not limited to, 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (revising, codifying and enacting without substantive change the provisions of the Davis-Bacon Act (formerly 40 U.S.C. 276a *et seq.*), the Contract Work Hours and Safety Standards Act (formerly 40 U.S.C. 327 *et seq.*) and the Copeland Anti-Kickback Act (formerly 40 U.S.C. 276c)).

ARTICLE XII - RELATIONSHIP OF PARTIES

A. In the exercise of their respective rights and obligations under this Agreement, the Government and the Non-Federal Sponsor each act in an independent capacity, and neither is to be considered the officer, agent, or employee of the other.

B. In the exercise of its rights and obligations under this Agreement, neither party shall provide, without the consent of the other party, any contractor with a release that waives or purports to waive any rights the other party may have to seek relief or redress against that contractor either pursuant to any cause of action that the other party may have or for violation of any law.

ARTICLE XIII - TERMINATION OR SUSPENSION

A. If at any time the Non-Federal Sponsor fails to fulfill its obligations under this Agreement, the Assistant Secretary of the Army (Civil Works) shall terminate this Agreement or suspend the Government's future performance under this Agreement.

B. In the event all of the Government's future performance under this Agreement or only the Government's future performance to provide reimbursement is suspended pursuant to Article II.E.2. of this Agreement such suspension shall remain in effect until such time that the Government notifies the Non-Federal Sponsor in writing that sufficient Federal funds are available to meet the Federal share of *total project costs* and the Federal share of costs for data recovery activities in accordance with Article XVII.D. and Article XVII.E. of this Agreement the Government projects to be incurred through the then-current or upcoming *fiscal year*, or the Government or the Non-Federal Sponsor elects to terminate this Agreement.

C. In the event that the Government and the Non-Federal Sponsor determine to suspend future performance under this Agreement in accordance with Article XIV.C. of this Agreement, such suspension shall remain in effect until the Government and the Non-Federal Sponsor agree to proceed or to terminate this Agreement. In the event that the Government suspends future performance under this Agreement in accordance with Article XIV.C. of this Agreement due to failure to reach agreement with the Non-Federal Sponsor on whether to proceed or to terminate this Agreement, or the failure of the Non-Federal Sponsor to provide funds to pay for cleanup and response costs or to otherwise discharge the Non-Federal Sponsor's responsibilities under Article XIV.C. of this Agreement, such suspension shall remain in effect until: 1) the Government and Non-Federal Sponsor reach agreement on how to proceed or to terminate this Agreement; 2) the Non-Federal Sponsor provides funds necessary to pay for cleanup and response costs and otherwise discharges its responsibilities under Article XIV.C. of this Agreement; or 3) the Government terminates this Agreement in accordance with the provisions of Article XIV.C. of this Agreement.

D. If after completion of the design portion of the *Project* the parties mutually agree in writing not to proceed with construction of the *Project*, the parties shall conclude their activities

relating to the *Project* and conduct an accounting in accordance with Article VI.C. of this Agreement.

E. In the event that this Agreement is terminated pursuant to this Article or Article II.E. or Article XIV.C. of this Agreement, both parties shall conclude their activities relating to the *Project* and conduct an accounting in accordance with Article VI.C. of this Agreement. The Government may reserve a percentage of total Federal funds made available for the *Project* as a contingency to pay costs of termination. Notwithstanding such termination, the Non-Federal Sponsor may continue with design and construction of the *Project*, at no cost to the Government.

F. Any termination of this Agreement or suspension of future performance under this Agreement in accordance with this Article or Article II.E. or Article XIV.C. of this Agreement shall not relieve the parties of liability for any obligation previously incurred. Any delinquent payment owed by the Non-Federal Sponsor shall be charged interest at a rate, to be determined by the Secretary of the Treasury, equal to 150 per centum of the average bond equivalent rate of the 13 week Treasury bills auctioned immediately prior to the date on which such payment became delinquent, or auctioned immediately prior to the beginning of each additional 3 month period if the period of delinquency exceeds 3 months.

ARTICLE XIV - HAZARDOUS SUBSTANCES

A. After execution of this Agreement and coordination with the Government, the Non-Federal Sponsor shall perform, or ensure performance of, any investigations for hazardous substances that the Government or the Non-Federal Sponsor determines to be necessary to identify the existence and extent of any hazardous substances regulated under the Comprehensive Environmental Response, Compensation, and Liability Act (hereinafter "CERCLA") (42 U.S.C. 9601-9675), that may exist in, on, or under lands, easements, and rights-of-way that either the Non-Federal Sponsor and the Government jointly determine pursuant to Article III of this Agreement, or that the Non-Federal Sponsor otherwise determines, to be required for construction, operation, and maintenance of the *Project*. However, for lands, easements, and rights-of-way that the Government determines to be subject to the navigation servitude, only the Government shall perform such investigations unless the District Engineer provides the Non-Federal Sponsor with prior specific written direction, in which case the Non-Federal Sponsor shall perform such investigations in accordance with such written direction.

1. All actual costs incurred by the Non-Federal Sponsor for such investigations for hazardous substances in, on, or under any lands, easements, or rights-of-way that the Non-Federal Sponsor and the Government jointly determine to be required for construction, operation, and maintenance of the *Project*, pursuant to Article III of this Agreement, shall be included in *total project costs* and shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

2. All actual costs incurred by the Government for such investigations for hazardous substances shall be included in *total project costs* and shared in accordance with the provisions of this Agreement.

B. In the event it is discovered through any investigation for hazardous substances or other means that hazardous substances regulated under CERCLA exist in, on, or under any lands, easements, or rights-of-way that either the Non-Federal Sponsor and the Government jointly determine pursuant to Article III of this Agreement, or that the Non-Federal Sponsor otherwise determines, to be required for construction, operation, and maintenance of the *Project*, the Non-Federal Sponsor and the Government, in addition to providing any other notice required by applicable law, shall provide prompt written notice to each other, and the Non-Federal Sponsor shall not proceed with the acquisition of the real property interests until the parties agree that the Non-Federal Sponsor should proceed.

C. The Government and the Non-Federal Sponsor shall determine whether to initiate construction of the *Project*, or, if already in construction, whether to continue with construction of the *Project*, suspend future performance under this Agreement, or terminate this Agreement, in any case where hazardous substances regulated under CERCLA are found to exist in, on, or under any lands, easements, or rights-of-way that either the Non-Federal Sponsor and the Government jointly determine pursuant to Article III of this Agreement, or that the Non-Federal Sponsor otherwise determines, to be required for construction, operation, and maintenance of the *Project*. Should the Government and the Non-Federal Sponsor determine to initiate or continue with construction of the *Project* after considering any liability that may arise under CERCLA, the Non-Federal Sponsor shall be responsible, as between the Government and the Non-Federal Sponsor, for the costs of cleanup and response, including the costs of any studies and investigations necessary to determine an appropriate response to the contamination. Such costs shall not be considered a part of *total project costs*. In the event the Non-Federal Sponsor does not reach agreement with the Government on whether to proceed or to terminate this Agreement under this paragraph, or fails to provide any funds necessary to pay for cleanup and response costs or to otherwise discharge the Non-Federal Sponsor's responsibilities under this paragraph upon direction by the Government, the Government, in its sole discretion, may either terminate this Agreement or suspend its future performance under this Agreement, including reimbursement pursuant to Article II.D. of this Agreement.

D. The Non-Federal Sponsor and the Government shall consult with each other in accordance with Article V of this Agreement in an effort to ensure that responsible parties bear any necessary cleanup and response costs as defined in CERCLA. Any decision made pursuant to paragraph C. of this Article shall not relieve any third party from any liability that may arise under CERCLA.

E. As between the Government and the Non-Federal Sponsor, the Non-Federal Sponsor shall be considered the operator of the *Project* for purposes of CERCLA liability. To the maximum extent practicable, the Non-Federal Sponsor shall operate, maintain, repair, rehabilitate, and replace the *Project* in a manner that will not cause liability to arise under CERCLA.

ARTICLE XV - NOTICES

A. Any notice, request, demand, or other communication required or permitted to be given under this Agreement shall be deemed to have been duly given if in writing and delivered personally or sent by telegram or mailed by first-class, registered, or certified mail, as follows:

If to the Non-Federal Sponsor:

Chairman
Cowen Public Service District
Post Office Box 457
Cowen, West Virginia 24740

If to the Government:

District Engineer
Huntington District
Corps of Engineers
502 Eighth Street
Huntington, West Virginia 25701-2070

B. A party may change the address to which such communications are to be directed by giving written notice to the other party in the manner provided in this Article.

C. Any notice, request, demand, or other communication made pursuant to this Article shall be deemed to have been received by the addressee at the earlier of such time as it is actually received or seven calendar days after it is mailed.

ARTICLE XVI - CONFIDENTIALITY

To the extent permitted by the laws governing each party, the parties agree to maintain the confidentiality of exchanged information when requested to do so by the providing party.

ARTICLE XVII - HISTORIC PRESERVATION

A. The Government shall ensure compliance with Section 106 of the National Historic Preservation Act (16 U.S.C. 470f; hereinafter "Section 106") prior to initiation of construction by the Non-Federal Sponsor. At the Government's request, the Non-Federal Sponsor shall prepare information, analyses, and recommendations as required by Section 106 and implementing regulations. Any costs incurred by the Non-Federal Sponsor relating to compliance with this paragraph shall be included in *total project costs* and shared in accordance with the provisions of

this Agreement, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs. Any costs incurred by the Government relating to compliance with this paragraph shall be included in *total project costs* and shared in accordance with the provisions of this Agreement.

B. The Non-Federal Sponsor shall perform any identification, survey, evaluation, or mitigation (except for data recovery activities) of historic properties the Government determines necessary for the *Project*, in accordance with this paragraph.

1. The Non-Federal Sponsor shall ensure that its studies are conducted by qualified archaeologists, historians, architectural historians and historic architects, as appropriate, who meet, at minimum, the Secretary of the Interior's Professional Qualifications Standards. The Non-Federal Sponsor shall submit study plans and reports to the Government for review and approval and shall be responsible for resolving any deficiencies.

2. In the event the Government determines that mitigation (except for data recovery activities) should be undertaken due to possible adverse effects to significant archeological or historical properties, the Non-Federal Sponsor shall formulate a plan in consultation with the Government and any other parties involved in the development of a Memorandum of Agreement executed in accordance with Section 106.

3. The Non-Federal Sponsor shall be responsible for implementing mitigation (except for data recovery activities) prior to the initiation of any construction activities affecting historic properties.

4. Any costs of identification, survey, evaluation, and mitigation (except for data recovery activities) of historic properties incurred by the Non-Federal Sponsor pursuant to paragraph B. of this Article shall be included in *total project costs* and shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

C. The Non-Federal Sponsor shall include provisions in all of its construction contracts for the protection of cultural resources discovered during construction. These provisions shall include, at a minimum, the requirement to cease all work in the immediate area of a discovered cultural resource until the situation is properly evaluated, and the requirement to immediately provide verbal and written notice to the Non-Federal Sponsor and Government in the event of such discovery. Upon receipt of notice that cultural resources have been discovered, the Government, pursuant to its responsibilities under the National Historic Preservation Act, must authorize further action or study before construction may continue. If the Government concludes that such discovery warrants consultation under the National Historic Preservation Act, the Non-Federal Sponsor shall participate as a consulting party. In such a case, construction shall not continue until the Government sends written notification to the Non-Federal Sponsor. Where the Non-Federal Sponsor elects to perform the construction using its own forces, the same procedures shall be followed.

D. The Government, as it determines necessary for the *Project*, shall perform any data recovery activities associated with historic preservation. As specified in Section 7(a) of Public Law 86-523, as amended by Public Law 93-291 (16 U.S.C. 469c(a)), the costs of data recovery activities associated with historic preservation for this *Project* and all other projects implemented pursuant to the Section 340 Program shall be borne entirely by the Government up to the statutory limit of one percent of the total amount authorized to be appropriated to the Government for the Section 340 Program. None of the costs of data recovery activities shall be included in *total project costs*.

E. The Government shall not incur costs for data recovery activities that exceed the statutory one percent limit specified in paragraph D. of this Article unless and until the Assistant Secretary of the Army (Civil Works) has waived that limit, and the Secretary of the Interior has concurred in the waiver, in accordance with Section 208(3) of Public Law 96-515, as amended (16 U.S.C. Section 469c-2(3)). Any costs of data recovery activities that exceed the one percent limit shall not be included in *total project costs* but shall be shared between the Non-Federal Sponsor and the Government consistent with the cost sharing requirements of the Section 340 Program, as follows: 25 percent will be borne by the Non-Federal Sponsor and 75 percent will be borne by the Government.

ARTICLE XVIII - THIRD PARTY RIGHTS, BENEFITS, OR LIABILITIES

Nothing in this Agreement is intended, nor may be construed, to create any rights, confer any benefits, or relieve any liability, of any kind whatsoever in any third person not party to this Agreement.

ARTICLE XIX – RECOVERY ACT REQUIREMENTS

The Government intends to fund reimbursement to the Non-Federal Sponsor, pursuant to Article II.D. of this Agreement, with Recovery Act funds in whole or in part. The Recovery Act requires special reporting by recipients of Recovery Act funds in order to maximize transparency of the use of Recovery Act funds. Not later than ten calendar days after the close of each calendar quarter in which the Non-Federal Sponsor receives Recovery Act funds, the Non-Federal Sponsor shall report the information described in Section 1512(c) of the Recovery Act using the reporting instructions and data elements available online at that time at *http://www.FederalReporting.gov* or its successor, and shall ensure that any information that is pre-filled is corrected or updated as appropriate. Information from these reports will be made available to the public. The Non-Federal Sponsor shall maintain a current registration in the Central Contractor Registration (*http://www.ccr.gov)* until project close out, including maintaining a Dun and Bradstreet Data Universal Numbering System (DUNS) Number *(http://www.dnb.com)*. The Non-Federal Sponsor also shall comply with all other applicable Recovery Act provisions, including Sections 1605 (regarding the requirement to use American iron, steel, and manufactured Goods for certain projects) and 1606 (regarding wage rates). The Non-Federal Sponsor's costs of complying with this Article shall be eligible for inclusion in *total*

project costs in accordance with, and subject to the limitations of, Article II.C. of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, which shall become effective upon the date it is signed by the District Engineer.

DEPARTMENT OF THE ARMY

BY: _____
Robert D. Peterson
Colonel, Corps of Engineers
District Engineeer

DATE: 16 Feb 10

COWEN PUBLIC SERVICE DISTRICT

BY: _____
James Gamble
Chairman

DATE: Feb 1 2010

CERTIFICATE OF AUTHORITY

I, Howard Blyer, do hereby certify that I am the principal legal officer of the Cowen Public Service District, that the Cowen Public Service District is a legally constituted public body with full authority and legal capability to perform the terms of the Agreement between the Department of the Army and the Cowen Public Service District in connection with the Cowen Wastewater Treatment Plant Upgrade and Expansion ARRA Project, and to pay damages, if necessary, in the event of the failure to perform in accordance with the terms of this Agreement and that the persons who have executed this Agreement on behalf of the Cowen Public Service District have acted within their statutory authority.

IN WITNESS WHEREOF, I have made and executed this certification this 1ST day of February 20__.

Howard Blyer
Attorney for the
Cowen Public Service District

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

James L. Gamble

James Gamble
Chairman
Cowen Public Service District

DATE: Feb 2010

District Commander's Certification/Approval of Section 340 Project
Partnership Agreement Package

I attest that the Project Partnership Agreement package for Design and Construction of the Cowen Wastewater Treatment Plant Upgrade and Expansion ARRA Project is consistent with Army policy and has been reviewed for legally sufficiency by District Counsel. In addition, I attest that the Project Partnership Agreement does not deviate from the approved Section 340 model Project Partnership Agreement for Design and Construction. Accordingly, I approve the Project Partnership Agreement in accordance with the delegated authority provided by memorandum CELRD-PD, dated 25 April 2007, Subject: Approval of Model Project Cooperation Agreements and Delegation of Approval and Execution Authority for Agreements for Non-Federal Sponsor Performance of Work for the Section 340 Environmental Assistance Program, Southern West Virginia.

Robert D. Peterson
Colonel, Corps of Engineers
District Engineer

EXHIBIT 12

Interim Financing
NONE

Phase I Sewer Project

COWEN PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

The undersigned duly authorized representative of First Community Bank, Summersville, West Virginia (the "Bank"), hereby certifies that on March 1, 2013, the Bank received an automated transfer in the amount of $179,800 to the credit of the Series 2013 A Bonds Project Construction Account, Account Number 10221421.

WITNESS my signature on this 1st day of March, 2013.

FIRST COMMUNITY BANK

By: _____
Its: Authorized Officer

FCM

193040.00005

5869589

COWEN PUBLIC SERVICE DISTRICT
SEWER USE RESOLUTION

Introduction

Article I **Definitions**

Article II **Use of Public Sewers Required**

Section 2.1 Authority to Establish and Maintain a Sewage System
Section 2.2 Declaration of Necessity
Section 2.3 Application for Sewer Service Required
Section 2.4 Permit for Connection; Tapping Charge

Article III **Connection to Public Sewers**

Section 3.1 Tapping or Opening Sewer Without Permit
Section 3.2 Sewer Taps Only by Authorized Persons
Section 3.3 Sewer Tap Construction
Section 3.4 Approval of Connections by District Inspector
Section 3.5 Unauthorized Connections Prohibited
Section 3.6 Establishment of Schedule of Rates and Charges; Use of Water Meters
Section 3.7 Establishment Rates Applicable to Premises Subsequently Served
Section 3.8 District Subject to Established Rates or Charges
Section 3.9 Authority Vested in Board for Billing and Collection
Section 3.10 Lien for Enforcement of Collection of Billed Rates or Charges
Section 3.11 Industrial Use of Sewers
Section 3.12 Duration of Liability for Sewer Service
Section 3.13 User's Responsibility to Keep Sewer Clean
Section 3.14 Leaks
Section 3.15 District Not Liable for Damage
Section 3.16 Tampering With Sewer Appurtenances
Section 3.17 Entering Sewer
Section 3.18 Injury to Sewer

Article IV **Discharge Into Public Sewers**

Section 4.1 Unpolluted Discharge
Section 4.2 Stormwater
Section 4.3 Flammable, Explosive or Hazardous Substances and Foreign Matter
Section 4.4 Toxic Substances
Section 4.5 Conditional Service
Section 4.6 Grease, Oil and Sand Separators
Section 4.7 Pretreatment
Section 4.8 Metering and Sampling Devices
Section 4.9 Design Data on Connection
Section 4.10 Measurements, Tests, and Analyses
Section 4.11 Disclaimer

Article V **Powers and Authority of Inspectors**

Section 5.1 Right of Entry for Purpose of Discharge Inspection
Section 5.2 Collection of Information
Section 5.3 Required Safety Procedures
Section 5.4 Right of Entry To and From all Negotiated Easements

Article VI **Amendments To and Precedence of the Sewer Use Resolution**

Section 6.1 Amendments to the Sewer Use Resolution
Section 6.2 Precedence of Past and Present Resolutions
Section 6.3 Precedence of the Sewer Use Resolution and Other Codes

Article VII **Conflict Cause**

Section 7.1 Prior Resolutions
Section 7.2 Conflicts
Section 7.3 Effective Date

SEWER USE RESOLUTION

A Resolution relating to the construction, acquisition, operation and maintenance of a sewer collection and disposal system in the Cowen Public Service District and to establish said Resolution to comply with federal and state regulations governing the sewerage system in the Cowen Public Service District and this Resolution and subsequent amendments hereto shall be called the Cowen Public Service District Sewer Use Resolutions.

WHEREAS, it is the desire of the Cowen Public Service District to establish a resolution controlling the construction, acquisition, operation and maintenance of the sewerage collection and disposal system of the Cowen Public Service District or areas being serviced by said system to include such terminology as is necessary to bring applicable codes pertinent to the Cowen Public Service District sewerage collection and disposal system into compliance with the federal and state regulations. It is further the intent of this resolution to comply with future changes or expansions of the rules and regulations governing said system to the Cowen Public Service District Board, and that this update shall be performed on an annual basis commencing from the date of passage of the Sewer Use Resolution, and all such amendments shall be a part of the Sewer Use Resolution upon action of the Board of the Cowen Public Service District.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF THE COWEN PUBLIC SERVICE DISTRICT:

ARTICLE I
Definitions

Unless the context specifically indicates otherwise, the meaning of terms used in this resolution shall be as follows:

Section 1.1. Biochemical oxygen demand (BOD) shall mean the quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure in five (5) days at 20°, expressed in milligrams per liter.

Section 1.2. "Board" shall mean the Chairman and fellow Members, respectively, of the Cowen Public Service District, West Virginia, as constituting the governing body of said District.

Section 1.3. "Building drain" shall mean that part of the lowest horizontal piping of a drainage system which receives the discharge from soil, waste, and other drainage pipes inside the walls of the building and conveys it to the building and conveys it to the building sewer, beginning five (5) feet (1.5 meters) outside the inner face of the building wall.

Section 1.4. "Building sewer" shall mean the extension from the building drain to the public sewer or other place of disposal, also called house connection.

Section 1.5. "Combined sewer" shall mean a sewer intended to receive both wastewater and storm or surface water.

Section 1.6. "District" shall mean Cowen Public Service District.

Section 1.7. "Easement" shall mean an acquired legal right for the specific use of land owned by others.

Section 1.8. "Floatable oil" is oil, fat, or grease in a physical state such that it will separate by gravity from wastewater by treatment in an approved pretreatment facility. A wastewater shall be considered free of floatable fat if it is properly pretreated and the wastewater does not interfere with the collection system.

Section 1.9. "Garbage" shall mean the animal and vegetable waste resulting from the handling, preparation, cooking, and serving of foods.

Section 1.10. "Industrial waste" shall mean the wastewater from industrial processed, trade, or business as distinct from domestic or sanitary strength wastes.

Section 1.11. "Natural outlet" shall mean any outlet, including storm sewers and combined sewer overflows, into a watercourse, pond, ditch, lake or other body of surface or groundwater.

Section 1.12. "May" is permissive (see "shall," Sec. 20).

Section 1.13. "Person" shall mean any individual, firm, company, association, society, corporation, or group.

Section 1.14. "pH" shall mean the logarithm of the reciprocal of the hydrogen-ion concentration. The concentration is the weight of hydrogen-ion, in grams, per liter of solution. Neutral water, for example, has a p-H value of 7 and a hydrogen concentration of 10-.

Section 1.15. "Properly shredded garbage" shall mean the wastes from the preparation, cooking, and dispensing of food that have been shredded to such a degree that all particles will be carried freely under the flow conditions normally prevailing in public sewers, with no particle greater than 1/2 inch (1.27 centimeters) in any dimension.

Section 1.16. "Public sewer" shall mean a common sewer controlled by a governmental agency or public utility.

Section 1.17. "Sanitary sewer" shall mean a sewer that carries liquid and water-carried wastes from residences, commercial buildings, industrial plants, and institutions together with minor quantities of ground, storm and surface waters that are not admitted intentionally.

Section 1.18. "Sewage" is the spent water of a community. The preferred term is "wastewater," Sec. 26.

Section 1.19. "Sewer" shall mean a pipe or conduit that carries wastewater or drainage water.

Section 1.20. "Shall" is mandatory (see "may," Sec. 11).

Section 1.21. "Slug" shall mean any discharge of water or wastewater which in concentration of any given constituent or in quantity of flow exceeds for any period of duration longer than fifteen (15) minutes more than five (5) times the average twenty-four (24) hour concentration of flows during normal operation and adversely affects the collection system and/or performance of the wastewater treatment works.

Section 1.22. "Storm drain" (sometimes terms "storm sewer") shall mean a drain or sewer for conveying water, groundwater subsurface water, or unpolluted water from any source.

Section 1.23. "Manager" shall mean the duly appointed representative of the District who is charged with the responsibility of the day to day operations of the wastewater facilities or his/her authorized deputy, agent or representative.

Section 1.24. "Suspended solids" shall mean total suspended matter that either floats on the surface of, or is in suspension in, water wastewater, or other liquids, that is removable by laboratory filtering as prescribed in "Standard Methods for the Examination of Water and Wastewater" and referred to as non-filterable residue.

Section 1.25. "Unpolluted water" is water of quality equal to or better than the effluent criteria in effect or water that would not cause violation of receiving water quality standards and would not be benefitted by discharge to the sanitary sewers and wastewater treatment facilities provided.

Section 1.26. "Wastewater" shall mean the spent water of a community. From the standpoint of source, it may be a combination of the liquid and water-carried wastes from residences, commercial buildings, industrial plants, and institutions, together with any groundwater, surface water, and stormwater that may be present.

Section 1.27. "Wastewater facilities" shall mean the structures, equipment, and processes required to collection, carry away, and treat domestic and industrial wastes and dispose of the effluent.

Section 1.28. "Wasterwater treatment works" shall mean an arrangement of devices and structures for treating wastewater, industrial wastes, and sludge. Sometimes used as synonymous with "waste pollution control plant."

Section 1.29. "Watercourse" shall mean a natural or artificial channel for the passage of water either continuously or intermittently.

ARTICLE II
Use of Public Sewers Required

Section 2.1. Authority to Establish and Maintain a Sewer. For state law as to authority of District to establish and maintain a sewer system and sewage treatment and disposal system and to acquire property necessary therefor, see WV Code § 16-13A. As to authority of District to levy assessments for sewer improvements and to regulate sewer connections, see WV Code § 16-13A. As to requirement that method of drainage and system for extra

disposal conform to plans, specifications and instructions of State Department of Health, see WV Code § 16-1-9.

Section 2.2. Declaration of Necessity. The use of the sewer system of the District is determined and declared to be essential for the protection and preservation of the public health, comfort, safety, economy and general welfare of the inhabitants of the District and of the area served thereby.

The owner, tenant or occupant of premises which about on a street, easement or other public way containing a sewer service, or which, in the judgement of the Board of the District, and of the area served thereby.

The owner, tenant or occupant of premises which about on a street, easement or other public way containing a sewer service, or which, in the judgement of the Board of the District, is located within such a distance thereof that sewer service is reasonably available thereto and upon which premises a building or other inhabitable structure has been or shall be erected for residential, commercial, or industrial use, or where persons are employed or congregate or are intended to be employed or congregate, shall be required to connect the building or structure to the sewer system or to such part of the sewer system as may from time to time be extended or become reasonably available, and shall thereafter refrain from using or cease to use any other method in place of the sewer services which are now, or may hereafter become, available; and shall thereafter pay all the charges, rates or fees as herein, or may hereafter be, provided for. All such connections shall be in accordance with the rules and regulations which shall be adopted from time to time by the Board of the District and such rules and regulations may provide for reasonable charges, fees or deposits; required for making such connections.

Section 2.3. Application for Sewer Service Required. It shall be unlawful for any person, including public bodies as well as natural persons, to make an initial cut-in or connection with the District sewer system and use that system without first making written application for such connection and service to the Board and paying all costs, charges, fees and deposits incident thereto. Such application shall be made on forms prescribed and furnished by the Board, and shall constitute an agreement by the applicant with the District to abide by all provisions of this resolution and such applicable rules and regulations of the Board in regard to the use of the sewer system. Such application for service by firms, partnerships, associations and corporations shall be submitted only by their duly authorized agent, and the official title of such agent shall be signed to the application.

The application shall grant or cause to be granted to the District, without cost, all rights, easements, permits, and privileges which are necessary for the rendering of sewer service. Duly authorized employees of the Board shall have access at all reasonable hours to the premises of the applicant for the purpose of installing or removing any of its property, examining pipes or fixtures, or for any purpose incidental to the rendering of sewer service.

Section 2.4. Permit for Connection; Tapping Charge. It shall be unlawful for any person, whether property owner, drainlayer or otherwise, to connect with or tap a District sewer, either directly or indirectly, without first having a permit from the Board and having paid the

tapping or maintenance charge fixed by law. In all cases, the tapping and maintenance charges for tapping a District sewer shall be as specified from time to time by the Board in an appropriate schedule, which shall be maintained on file in the office of the District; and until such a schedule is prescribed by the Board pursuant to the foregoing provisions of this section, the tapping and maintenance charges for District sewers shall be those in effect immediately prior to the effective date of this Resolution.

ARTICLE III
Connection to Public Sewers

Section 3.1. Tapping or Opening Sewer Without Permit. No person shall cut, break, pierce or tap any public sewer or appurtenances thereof, or introduce any tube, pipe, trough or conduit into any public sewer or appurtenance thereof without a written permit from the Board.

Section 3.2. Sewer Taps Only by Authorized Persons. No person, except those persons duly employed or authorized by the District or by the Board for such purpose, shall tap the District's sewer mains.

Section 3.3. Sewer Tap Construction.

Section 3.3.1. All costs and expenses incidental to the installation and connection of the building sewer shall be borne by the owner(s). The owner (s) shall indemnify the District from any loss of damage that may directly or indirectly be occasioned by the installation of the building sewer.

Section 3.3.2. A separate and independent building sewer shall be provided for every building; except where one building stands at the rear of another or an interior lot and no private sewer is available or can be constructed to the rear building through an adjoining alley, court, yard, or driveway, the from building may be extended to the rear building and the whole considered as one building sewer, but the District does not and will not assume any obligation or responsibility for damage caused by or resulting from any such single connection aforementioned.

Section 3.3.3. Old building sewers may be used in connection with new buildings only when they are found, on examination and test by the Manager, to meet all requirements of this Resolution.

Section 3.3.4. The size, slope, alignment, materials of construction of a building sewer, and the methods to be used in excavating, placing of the pipe, jointing, testing, and backfilling the trench, shall all conform to the requirements of the building and plumbing code or other applicable rules and regulations of the District. In the absence of code provisions or in amplification thereof, the material and procedures set forth in appropriate specifications of the ASTM and WPCF Manual of Practice No. 9 shall apply.

Whenever possible, the building sewer shall be brought to the building at an elevation below the basement floor. In all buildings in which any building drain is too low to

permit gravity flow to the public sewer, sanitary sewage carried by such building drain shall be lifted by an approved means and discharged to the building sewer.

Section 3.3.5. No person(s) shall make connection of roof downspouts, foundation drains, areaway drains, or other sources of surface runoff or groundwater to a building sewer or building drain which in turn is connected directly or indirectly to a public sanitary sewer unless such connection is approved by the Manager for purposes of disposal of polluted surface drainage.

Section 3.3.6. The connection of the building sewer into the public sewer shall conform to the requirements of the building and plumbing code or other applicable rules and regulations of the District for the procedures set forth in appropriate specifications of the ASTM and the SPCF Manual of Practice No. 9. All such connections shall be made gastight and watertight and verified by proper testing. Any deviation from the prescribed procedures and materials must be approved by the Manager before installation.

Section 3.3.7. The applicant for the building sewer permit shall notify the Manager when the building sewer is ready for inspection and connection to the public sewer. The connection and testing shall be made under the supervision of the Manager or his representative.

Section 3.3.8. All excavations for building sewer installation shall be adequately guarded with barricades and lights so as to protect the public from hazard. Streets, sidewalks, parkways and other public property disturbed in the course of the work shall be restored in a manner satisfactory to the District.

Section 3.4. Approval of Connections by District Inspector. No sewer service shall be connected until the plumbing and connections incident thereto shall have been inspected and approved by an inspector of the Board.

No sewer service line shall be connected to the sanitary sewer system if that service line will contain flows other than sanitary wastewater. Roof drains, yard and area drains, footer drains, or any line other than that which serves a sanitary plumbing system are prohibited from connection to the District system.

Section 3.5. Unauthorized Connections Prohibited. No person shall connect to or turn on any sewer service, or cut-in, interconnect tap or make any alterations to any main or distribution or collection pipe of the District's sewer system or permit any connection or tapping to be made to the sewer system on his premises or the premises occupied by him, or knowingly use the sewer service from connections in violation of any of the provisions of this article or any rules or regulations adopted by the Board with respect thereto.

Roof drains, yard and area drains, footer drains, or any line carrying flow other than exclusively sanitary wastewater are prohibited from connection to the sanitary sewer system.

Section 3.6. Establishment of Schedule of Rates and Charges; Use of Water Meters. For the payment of the proper and reasonable expense or operation, repair, replacement, improvements, additions, betterments, extensions and maintenance of the sewer system and for the

payment of the sums required to pay as they become due, the Board shall enact and may, from time to time, amend a schedule of just and equitable rates or charges for the use of and service rendered by the sewer system and works of the District, which schedule of rates or charges shall be based upon the metered amount of water supplied the premises; and each schedule shall be maintained on file in the office of the District while it is in effect.

Until such time as the Board adopts a schedule of rates or charges pursuant to the foregoing provisions of this section, the rates and charges in effect immediately prior to the effective date of this Resolution shall continue in full force and effect.

Section 3.7. Established Rates Applicable to Premises Subsequently Served. The rates or charges so established for any class of users or property served shall be extended to cover any additional premises hereafter served which fall within the same class, without the necessity of any hearing notice.

Section 3.8. District Subject to Established Rates or Charges. The District shall be subject to the established charges and rates, or to charges and rates established in harmony therewith, for services rendered the District and shall be deemed to be a part of the revenues of the sewage system and works and be applied as provided for the application of such revenues.

Section 3.9. Authority Vested in Board for Billing and Collection. All rates or charges provided for by this article shall be billed and collected monthly by the Board or by persons or agencies authorized by the Board. All bills shall be considered due and payable on or before the tenth day following the date rendered.

Section 3.10. Lien for Enforcement of Collection of Billed Rates or Charges. All such rates or charges, if not paid when due, shall be a lien upon the premises served by such system or works, and if such rates or charges not be paid within thirty days after due, then the amount thereof, together with a penalty of ten percent and a reasonable attorney's fee, may be recovered by the Board in a civil action in the name of the District. In connection with such action, such lien may be foreclosed against such lot, parcel of land or building, in accordance with the laws relating thereto.

Section 3.11. Industrial Use of Sewers. Where the character of sewage from any manufacturing or industrial plant, building or premises is such that it imposes a burden upon the sewer system in addition to the burden imposed by the average sewage entering the sewer system, such additional charge shall be made therefor as the Board shall deem to be fair and equitable to meet the additional cost of collection, treatment and disposal of such sewage; and the Board may; if it deems advisable to do so, compel the owner, tenant or occupant of such manufacturing or industrial plant, building or premises to treat such sewage in such manner as shall be specified by the Board before discharging into the sewer system.

Section 3.12. Duration of Liability for Sewer Service. Liability for service shall begin for a user on the date of connection to the sewer system; and such liability shall continue thereafter unless such premises are disconnected from the sewer system with the approval of the Board.

After such liability begins, no allowance shall be made for vacant houses unless request in writing to have the sewer system shut off is received by the Board, nor will any allowance be made for any shut-off period which is less than thirty days.

Section 3.13. User's Responsibility to Keep Sewer Clean. The owner, tenant or occupant of the property shall be continuously responsible for maintaining and keeping the sewer pipe running to and between the plumbing system of his premises to the District's connecting sewer clean and free from obstruction, and shall not cause, suffer or permit any article or thing, liquid as well as solid, to be introduced into the pipe which causes a stoppage thereof. In the event of any such obstructions or stoppage the Board shall have the right to cut off the water connection, which shall not be reconnected until such sewer pipe is cleaned and maintained properly; and in the further event of the failure of such user to remedy such obstruction or stoppage, the Board shall have the right to enter upon said premises and make necessary repairs, the costs and expenses of which shall be included as part of the charges against such premises.

Section 3.14. Leaks. No allowance or adjustment of any sewer bill shall be made for claimed water leaks of any nature occurring on the user's side of the meter if the water claimed to be leaked enters the sewer, unless the user presents satisfactory evidence of such leak to the District.

Section 3.15. District Not Liable for Damage. Neither the District nor the Board shall be liable for any damage resulting from bursting of any sewer main, service pipe or valve, or from discontinuing the operation of its sewer valve, or from discontinuing the operation of its sewer collection, treatment and disposal facilities, for repairs, extensions or connections, or from the accidental failure of the sewage collection, treatment and disposal facilities from any cause whatsoever. In cases of emergency, the Board shall have the right to restrict the use of its sewage collection, treatment and disposal facilities in any reasonable manner for the protection of the District and its sewer system.

Section 3.16. Tampering with Sewer Appurtenances. No person shall turn, lift, remove, raise or tamper with any cover or any manhole, basin, inlet or other appurtenance of any public sanitary and/or storm sewer without a written permit from the District, or of any combined sewer or sanitary sewer without a written permit from the Board.

Section 3.17. Entering Sewer. No person, other than one employed by the District while on duty, shall enter any public sanitary and/or storm sewer or appurtenance thereof without a written permit from the District, or shall enter any public combined sewer or sanitary sewer without a written permit from the Board.

Section 3.18. Injure to Sewer. No person shall break or damage any public sewer or appurtenance or part thereof.

ARTICLE IV
Discharge Into Public Sewers

Section 4.1. Unpolluted Discharge. No person (s) shall discharge or cause to be discharged any unpolluted waters such as stormwater, groundwater, roof runoff, subsurface drainage, or cooling water to any sewer, except stormwater runoff from limited areas, which stormwater may be polluted at times, may be discharged to the sanitary sewer with permission of the Manager and the necessary permit obtained.

Section 4.2. Stormwater. Stormwater other than that exempted under Section I, Article V, and all other unpolluted drainage shall be discharged to such sewers as are specifically designated as combined sewers or to a natural outlet approved by the Manager and other regulatory agencies. Unpolluted industrial cooling water or process waters may be discharged on approval of the Manager to a storm sewer, combined sewer, or natural outlet.

Section 4.3. Flammable, Explosive or Hazardous Substances and Foreign Matter. No person(s) shall discharge or cause to be discharged any of the following described waters or wastes to any public sewer:

(a) Any gasoline, benzine, naptha, fuel oil, paint, paint thinner, pesticides, fertilizers, glue, chemicals, stains, varnishes or other flammable, toxic or explosive liquid, solid, or gas.

(b) Any waters containing toxic or poisonous solids, liquids, or gases in sufficient quantity, either singly or by interaction with other wastes, to injure or interfere with any waste treatment process, constitute a hazard to humans or animals, create a public nuisance, or create any hazard in the receiving waters of the wastewater treatment plant.

(c) Any waters or wastes having pH lower or higher than that normally encountered in the system, or having any other corrosive property capable of causing damage or hazard to structures, equipment/operation and personnel of the wastewater works without a permit to do so.

(d) Solid or viscous substances in quantities or of such size capable of causing obstruction to the flow in sewers, or other interference with the proper operation of the wastewater facilities such as, but not limited to, ashes, bones, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, unground garbage, whole blood, paunch manure, hair and fleshings, entrails and paper dishes, cups, milk containers, etc., either whole or ground by garbage grinders.

Section 4.4. Toxic Substances. The following descried substances, materials, waters, or waste shall be limited in discharges to systems to concentrations or quantities which will not harm either the sewers, wastewater treatment process or equipment, will not have an adverse effect on the receiving stream, or will not otherwise endanger lives, limb, public property, or constitute a nuisance. The manager may set limitations lower than the limitations established in the regulations below if in his opinion such more severe limitations are

necessary to meet the above objectives. In forming his opinion as to the acceptability, the Manager will give consideration to such factors as the quantity of subject waste in relation to flows and velocities in the sewers, materials of construction of the sewers, the wastewater treatment plant, degree of treatability of the waste in the wastewater treatment plant, and other pertinent factors. The limitations or restrictions on materials or characteristics of waste or wastewater discharged to the sanitary sewer which shall not be violated without approval of the Manager are as follows:

(a) Wastewater having a temperature higher than 150 degrees Fahrenheit (55 Celsius).

(b) Wastewater containing more than 25 milligrams per liter of petroleum oil, nonbiodegradable cutting oils, or product of mineral oil origin.

(c) Wastewater from industrial plants containing floatable oils, fat, or grease.

(d) Any garbage that has not been properly shredded (see Article I, Section 15). Garbage grinders may be connected to sanitary sewers from homes, hotels, institutions, restaurants, hospitals, catering establishments, or similar places where garbage originates from the preparation of good in kitchens for the preparation of food in kitchens for the purpose of consumption on the premises or when served by caterers.

(e) Any waters or wastes containing iron, chromium, copper, zinc, and similar obje4.1ctable or toxic substances to such degree that any material received in the composite wastewater at the wastewater treatment works exceeds the limits established by the manager for such materials.

(f) Any waters or wastes containing odor-producing substances exceeding limits which may be established by the Manager.

(g) Any radioactive wastes or isotopes of such half-life or concentration as may exceed limits established by the Manager in compliance with applicable state or federal regulations.

(h) Quantities of flow, concentrations, or both which constitute a "slug" as defined herein.

(i) Waters or wastes containing substances which are not amenable to treatment or reduction by the wastewater treatment processes employed, or are amenable to treatment only to such degree that the wastewater treatment plant effluent cannot meet the requirements of other agencies having jurisdiction over discharge to the receiving waters.

(j) Any water or wastes which, by interaction with other water or wastes in the public sewer system, release noxious gases, from suspended solids which interfere with the collection system, or create a condition deleterious to structures and treatment processes.

Section 4.5. Conditional Service. If any waters or wastes are discharged or are proposed to be discharged to the public sewers, which waters contain the substances or possess the characteristics enumerated in Section 4 of this Article, and which in the judgement of the Manager may have a deleterious effect upon the wastewater facilities, processes, equipment, or, receiving waters, or which otherwise create a hazard to life or constitute a public nuisance, the Manager may:

(a) Reject the wastes.

(b) Require pretreatment to an acceptable condition for discharge to public sewers.

(c) Require control over the quantities and rates of discharge, and/or

(d) Require payment of cover added cost of handling and treating the wastes not covered by existing taxes or sewer charges under the provisions of Section 10 of this Article.

When considering the above alternatives, the Manager shall give consideration to the economic impact of each alternative on the discharged. If the Manager permits the pretreatment or equalization of waste flows, the design and installations of the plants and equipment shall be subject to the review and approval of the Manager.

Section 4.6. Grease, Oil and Sand Separators. Grease, oil and sand interceptors shall be provided when, in the opinion of the Manager, they are necessary for the proper handling of liquid wastes containing floatable grease in excessive amounts as specified in Section 4(c), or any flammable wastes, sand, or other harmful ingredients; except that such interceptors shall not be required for private living quarters or dwelling units. All interceptors shall be of a type and capacity approved by the Manager, and shall be located as to be readily and easily accessible for cleaning and inspection. In the maintaining of these interceptors the owner(s) shall be responsible for the proper removal and disposal by appropriate means of the captured material and shall maintain records of the dates, and means of disposal which are subject to review by the Manager. Any removal and hauling of the collected materials not performed by owner(s)' personnel must be performed by currently licensed waste disposal firms.

Section 4.7. Pretreatment. Where pretreatment or flow-equalizing facilities are provided or required for any waters or wastes, they shall be maintained continuously in satisfactory and effective operation by the owner(s)' at his expense.

Section 4.8. Metering and Sampling Devices. When required by the Manager, the owner of any property serviced by a building sewer carrying industrial wastes shall install a suitable structure together with such necessary meters and other appurtenances in the building sewer to facilitate observation, sampling, and measurement of wastes. Such structure, when required, shall be accessibly and safely located and shall be constructed in accordance with plans approved by the Manager. The structure shall be installed by the owner at his expense and shall be maintained by him so as to be safe and accessible at all times.

Section 4.9. Design Data on Connection. The Manager may require a user of sewer services to provide information needed to determine compliance with this Resolution. These requirements may include:

(1) Wastewaters discharge peak rate and volume over a specified time period.

(2) Chemical analyses of wastewaters.

(3) Information on raw materials, processes, and products affecting wastewater volume and quality.

(4) Quantity and disposition of specific liquid, sludge, oil, solvent, or other materials important to sewer use control.

(5) A plot plan of sewers of the user's property showing sewer and pretreatment facility location.

(6) Details of wastewater pretreatment facilities.

(7) Details of systems to prevent and control the losses of materials through spills to the sewer.

Section 4.10. Measurements Tests, and Analyses. All measurements, tests, and analyses of the characteristics of waters and wastes to which reference is made in this Resolution shall be determined in accordance with the latest edition of "Standard Methods for the Examination of Water and Wastewater," published by the American Public Health Association. Sampling methods, location, times, durations, and frequencies are to be determined on an individual basis subject to approval by the Manager.

Section 4.11. Disclaimer. No statement contained in this article shall be constructed as preventing any special agreement or arrangement between the District and any industrial concern whereby an industrial waste of unusual strength or character may be accepted by the District for treatment.

ARTICLE V
Powers and Authority of Inspectors

Section 5.1. Right of Entry for Purpose of Discharge Inspection. The Manager and other duly authorized employees of the District bearing proper credentials and identification shall be permitted to enter all properties for the purposes of inspection, observation, measurement, sampling, and testing pertinent to discharge to the community system in accordance with the provisions of this Resolution.

Section 5.2. Collection of Information. The Manager or other duly authorized employees are authorized to obtain information concerning industrial processes which have a direct bearing on the kind and source of discharge to the wastewater collection system.

Section 5.3. Required Safety Procedures. While performing the necessary work on private properties referred to in Article V, Section 5.1, above, the Manager or duly authorized employees of the District shall observe all safety rules applicable to the premises established by the company, and the company shall be held harmless for injury or death to the District employees, and the District shall indemnify the company against loss or damage to its property by District employees and against liability claims and demands for personal injury or property damage asserted against the company and growing out of the gauging and sampling operation, except as such may be caused by negligence or failure or the company to maintain safe conditions as required in Article IV, Section 4.8.

Section 5.4. Right of Entry To and. From All Negotiated Easements. The Manager and other duly authorized employees of the District bearing proper credentials and identification shall be permitted to enter all private properties through which the District holds a duly negotiated easement for the purposes of, but not limited to, inspection, observation, measurement, sampling, repair, and maintenance of any portion of the wastewater facilities lying within said easement. All entry and subsequent work, if any, on said easement, shall be done in full accordance with the terms of the duly negotiated easement pertaining to the private property involved.

ARTICLE VI
Amendments To and Precedence of the Sewer Use Resolution

Section 6.1. Amendments to the Sewer Use Resolution. The Board shall, upon an annual basis, or as deemed necessary from time to time between annual review, review and cause to be enacted such amendments to the Sewer Use Resolution as are necessary to bring the Resolution into compliance with applicable federal and state regulations and changes thereto. All such amendments shall clearly delineate Article and Section to be altered or expanded.

Section 6.2. Precedence of Past and Present Resolutions. It shall be the responsibility of the Board to review and render a decision as to a precedence involving a present or past resolution to insure compliance with applicable statutes prior to rendering said precedence. Upon resolution of the discrepancy and the precedence set, an amendment to the Sewer Use Resolution shall be enacted as stated in Article VI, Section 6.1.

Section 6.3. Precedence of the Sewer Use Resolution and Other Codes. Procedures shall be as outlined in Article VI, Section 6.2.

ARTICLE VII
Conflict Clause

Section 7.1. Prior Resolutions. All resolutions or parts of resolutions in conflict herewith are hereby repealed.

Section 7.2. Conflicts. The invalidity of any section, clause, sentence, or provision of this resolution shall not affect the validity of any part of this resolution which can be given effect without such invalid part or parts.

Section 7.3. Effective Date. This Resolution shall take effect immediately upon its adoption.

Adopted this 5 day of NOV, 2012.

COWEN PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of COWEN SERVICE DISTRICT on the 5 day of NOV, 2012.

Dated: NOV 5, 2012.

[SEAL]

_____
Secretary

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

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **March 1, 2013**

Re: **Cowen Public Service District**
Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A (United States Department of Agriculture)

DISBURSEMENTS TO DISTRICT:

Payor:	United States Department of Agriculture
Source:	Series 2013 A Bonds Proceeds
Amount:	$179,800
Form:	ACH
Payee:	Cowen Public Service District
Bank:	First Community Bank, 902 Northside Drive, Summersville, WV 26651
Routing #:	051501299
Account #:	10221421
Contact:	Pamela Holcomb 304-883-4101
Account:	Series 2013 A Bonds Project Construction Account

Payor:	West Virginia Infrastructure & Jobs Development Council
Source:	Grant Proceeds
Amount:	$-0-
Form:	Wire
Payee:	Cowen Public Service District
Bank:	First Community Bank, 902 Northside Drive, Summersville, WV 26651
Routing #:	051501299
Account #:	10221421
Contact:	Pamela Holcomb 304-883-4101
Account:	Series 2013 A Bonds Project Construction Account

193040.00005

Requisition No: Three (3)
Cowen PSD Sewer – Total Project
Loan Closing

RESOLUTION OF THE COWEN PUBLIC SERVICE DISTRICT APPROVING INVOICES RELATING TO CONSTRUCTION AND OTHER SERVICES FOR THE PROPOSED WASTEWATER TREATMENT PLANT UPGRADE PROJECT AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, The Cowen Public Service District (PSD) Board has reviewed the invoices attached hereto and incorporated herein by reference relating to the construction of the Wastewater Treatment Plant Upgrade Project funded by an US Army Corp of Engineers (COE) grant and USDA Rural Development grant and loan, 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 paid 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.
d) That payment for each of the items proposed is due and owing as the date hereof.

WHEREAS, Cowen Public Service District will deposit the project funds into the Construction Account and will apply said proceeds to the payment of eligible construction invoices received by the Cowen PSD. Cowen PSD will provide the funding agencies with copies of said invoices.

NOW, THEREFORE, BE IT RESOLVED by the Cowen PSD as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

Description of Work - Vendor	Total Invoice	USDA	COE	IJDC	USDA Match COE
Engineering					
Pentree, Incorporated P.O. Box 1309, Princeton, WV 24710 Invoice #1041168 $ 15,000.00 @25% $ 3,750.00 **Report & Study** 100% complete COE Draw #1 Invoice #1041168 $113,190.00 @25% $28,297.50 **Basic – Final Design** 33% complete COE Draw #1 Invoice #1041166 $ 7,963.62 @25% $ 1,990.91 **Additional Services** COE Draw #1	34,038.41*	34,038.41	0.00*	0.00	0.00
Invoice # 1045858 $195,510.00 @25% $48,877.50 **Basic – Final Design** 57% complete COE Draw #2	52,004.42**	48,877.50	0.00*	0.00	3,126.92
Invoice # 1058037 $ 83,300.00 @25% $20,825.00 $83,300.00 @75% $62,475.00 minus 25% of COE Admin.of $25,756.08 or $6,439.02 =$56,035.98	83,300.00	20,825.00	56,035.98	0.00	6,439.02
Basic – Final Design 90% complete COE Draw #3 Invoice #1058038 $ 54,592.65 @25% $13,648.16 COE $ 54,592.65 @75% $39,132.01 **Additional Services** COE Draw #3	54,592.65	13,648.16	40,944.49	0.00	0.00
Environmental Requirements					
REIMBURSEMENT TO COWEN PSD P.O. Box 457, Cowen, WV 26206 Wetland Delineation $2,600.00 25% $650.00 Phase I Archaeological Survey $2,666.80 25% $666.70 COE Draw #1	1,316.70*	1,316.70	0.00	0.00	0.00
Legal					
Steptoe & Johnson PLLC P.O. Box 1588, Charleston, WV 25326 Invoice dated 1/25/13 Case No. 11-1621-PSD-CN 193040.00004 $ 8,000.00 Lump Sum 193040.00006 $15,000.00 80% $12,000.00	20,000.00	20,000.00	0.00	0.00	0.00

Requisition No: Three (3)
Cowen PSD Sewer – Total Project
Loan Closing

Fiscal					
REIMBURSEMENT TO COWEN PSD P.O. Box 457, Cowen, WV 26206 Imre Pentek, CPA Invoices dated 10/31/11 $1,980.00(ck#004201), 11/30/09 $630.00 (ck #3342) and 5/31/09 $3,500.00 (ck #3117)	6,110.00	6,110.00	0.00	0.00	0.00
Administration					
U.S. Army Corp of Engineers Huntington District 502 Eighth St Huntington, WV 25701-2070 COE Labor costs Draw #3 $25,756.08	25,756.08	0.00	25,756.08	0.00	0.00
Other Costs - Permits					
REIMBURSEMENT TO COWEN PSD P.O. Box 457, Cowen, WV 26206 CSX Transportation, Inc. permits ck# 004126 $2,500.00 NPDES permit modification ck#004168 $2,550.00	5,050.00	5,050.00	0.00	0.00	0.00
REIMBURSEMENT TO REGION 4 PDC 885 Broad St., Suite 100, Summersville, WV 26206 Charleston Newspaper Advertisement for Bids Invoice #823897001 dated 11/16/12	297.13	297.13	0.00	0.00	0.00
Bond Counsel					
Steptoe & Johnson PLLC P.O. Box 1588, Charleston, WV 25326 Invoice dated 1/25/13 Bond Counsel Services Sewer Revenue Bonds, Series 2013A	20,000.00	20,000.00	0.00	0.00	0.00
TOTALS:	**$302,465.39**	**$170,162.90**	**$122,736.55***	**0.00**	**$9,565.94**

*COE previously paid their share.

** Represents unpaid portion of total invoice.

*COE participates at 75% of the total invoices submitted minus 100% of COE Administration of $25,756.08 = $96,980.47.

ADOPTED BY THE COWEN PUBLIC SERVICE DISTRICT on Feb. 27, 2013.

Cowen Public Service District

By: James L. Gamble

James L. Gamble, Chairman

Cowen Public Service District

By: Shelly Robinson

Shelly Robinson, Office Manager

USDA-RD
Form RD 440-11
(Rev. 10-00)

ESTIMATE OF FUNDS NEEDED
FOR
30-Day Period Commencing
2/27/2013

FORM APPROVED
OMB NO. 0575-0015

Name of Borrower Cowen PSD Phase I Sewer Project

Items	Amount of Funds
Development	$ 0.00
Contract or Job No. Contract 1 0.00	
Construction Contingency	0.00
Engineering	117,389.07
Match of COE	9,565.94
Environmental Requirements	1,316.70
Legal	20,000.00
Fiscal	6,110.00
ROW	
Other Costs Permits/Legal Ads	
Bond Counsel	5,347.13
Project Contingency	20,000.00
TOTAL	$ 179,728.84

Prepared by James L. Gamble, Chairman
Name of Borrower

By James L. Gamble

Date 2/27/2013

Approved by M. D. [illegible]

Date 2/27/13

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collecion is 0575-0015. The time required to complete this information collection is estimated to average 1 hour pr response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

WEST VIRGINIA
Water Development Authority
Celebrating 37 Years of Service ***1974 - 2013***

March 1, 2013

Phase I Sewer Project

Cowen Public Service District
Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Imre Penteck, CPA, the independent certified public accountant, and the opinion of Steptoe & Johnson PLLC, bond counsel, that the coverage and parity tests have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), the Registered Owner of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A (United States Department of Agriculture), in the original aggregate principal amount of $1,270,000, by the Cowen Public Service District (the "Issuer"), under the terms of the resolution authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's: (i) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), dated April 6, 1994, issued in the original aggregate principal amount of $268,500 (the "Series 1994 Bonds"); (ii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia DWTRF Program), dated December 29, 2004, issued in the original aggregate principal amount of $400,000 (the "Series 2004 A Bonds"); and (iii) Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), dated December 29, 2004, issued in the original aggregate principal amount of $800,000 (the "Series 2004 B Bonds"), (collectively, the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Sheila A. Miller
Authorized Representative

193040.00005

1009 Bullitt Street, Charleston, WV 25301
Phone (304) 414-6500 / fax (304) 414-0865
www.wvwda.org

United States Department of Agriculture
Rural Development
West Virginia State Office

March 1, 2013

Cowen Public Service District
Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present Holder of the Series 1978 Bonds, hereinafter defined and described, hereby consents to the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2013 A (United States Department of Agriculture), in the original aggregate principal amount of $1,270,000 (the "Series 2013 A Bonds"), by Cowen Public Service District under the terms of the bond resolution authorizing the issuance of the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Outstanding Combined Water and Sewer Revenue Bonds, Series 1978 (United States Department of Agriculture), dated May 23, 1980, issued in the original aggregate principal amount of $150,000 (the "Series 1978 Bonds").

WITNESSETH my signature on this 1st day of March, 2013.

State Director

1550 Earl Core Road • Suite 101 • Morgantown, WV 26505
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: http://www.rurdev.usda.gov/wv

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

COWEN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF COWEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $450,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA DWTRF PROGRAM) AND NOT MORE THAN $850,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM); 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 COWEN 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 and Chapter 16, Article 13C

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

B. The Issuer presently owns and operates a public combined waterworks and 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 certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of the construction of water system facilities to extend water service to the Camden-on Gauley, Glade Summit and Big Ditch areas of the Issuer, in Webster County, which includes the construction of approximately 13.5 miles of distribution lines varying from 8-inch to 2-inch, two pressure reducing valve stations, one 150 gpm water booster station, and a 127,000 gallon water storage tank; upgrading and expanding its existing 320 gpm water treatment plant to a 450 gpm water treatment plant, including the replacement of the existing raw water pumps, replacement of the existing filters, installation of a Tonka Simulwash backwash system, installation of new header/lateral underdrain system, replacement of the existing high service pumps, the addition of a chlorination/de-chlorination building, installation of new telemetry system and controls, replacement of the existing filter float valves with controls, upgrading the power system and installation of all necessary valves, controls and appurtenances, together with all appurtenant facilities (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia DWTRF Program) and Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), in the total aggregate principal amount of not more than $1,300,000 (collectively, the "Series 2004 Bonds"), each to be initially represented by a single bond, 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 2004 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 Series 2004 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, including the 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 2004 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 2004 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 30 years.

F. It is in the best interests of the Issuer that its Series 2004 Bonds be sold to the Authority pursuant to the terms and provisions of the loan agreements by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH"), in form satisfactory to the Issuer, the Authority and the BPH (collectively, the "Loan Agreements"), to be 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 2004 Bonds as to liens, pledge, source of and security for payment, being the Issuer's (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), dated April 6, 1994, issued in the original aggregate principal amount of $268,500 (the "Series 1994 Bonds"), pursuant to a resolution of the Issuer adopted April 4, 1994 (the "1994 Bond Resolution"); (2) Combined Waterworks and Sewerage System Revenue Bonds, Series A (United States Department of Agriculture), dated July 1, 1968, issued in the original aggregate principal amount of $260,000 (the "Series 1968 A Bonds"), pursuant to a resolution of the Issuer adopted June 29, 1968 (the "1968 Bond Resolution"); and (3) Combined Water and Sewer Revenue Bonds, Series 1978 (United States Department of Agriculture), dated May 23, 1980, issued in the original aggregate principal amount of $150,000 (the "Series 1978 Bonds"), pursuant to a resolution of the Issuer adopted May 23, 1980 (the "1978 Bond Resolution"). The Series 1994 Bonds, the Series 1968 A Bonds, and the Series 1978 Bonds are hereinafter collectively called the "Prior Bonds".

The Series 2004 Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2004 Bonds, the Issuer will obtain a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds have been met and the written consent of the Holders of the Prior Bonds to the issuance of the Series 2004 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. 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 costs of operation and maintenance of the System, the principal of and interest, if any, on the Bonds (as hereinafter defined) and payments into all funds and accounts and other payments provided for herein and in the Prior Resolutions, all as such terms are hereinafter defined.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreements relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2004 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2004 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 West Virginia Infrastructure and Jobs Development Council (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 2004 Bonds by 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 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 and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Administrative Fee" means any administrative fee required to be paid pursuant to the Loan Agreement for the Series 2004 Bonds.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2004 Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the BPH 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 2004 Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2004 Bonds for all or a portion of the proceeds of the Series 2004 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 Pentree Incorporated, Princeton, 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.

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

"DWTRF Regulations" means the DWTRF regulations set forth in the West Virginia Code of State Regulations, as amended from time to time.

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

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

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

"Grant" means all monies received by the Issuer on account of any Grant.

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

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

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

"Investment Property" means:

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

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

"Loan Agreements" means, collectively, the Loan Agreements heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the BPH, providing for the purchase of each of the respective Series 2004 Bonds from the Issuer

by the Authority, the form 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 2004 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2004 Bonds 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 2004 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.

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, the Administrative Fee, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principals and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that all monthly amortization payments upon the Bonds and the Prior Bonds and into the Reserve Accounts, the Renewal and Replacement Fund and the other funds and accounts established by Article V hereof have been made to the last monthly payment date prior to the date of such retention.

"Outstanding," when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond or Prior Bond canceled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or any Prior 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 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; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders or Holders of any Prior Bond, any Bond or any Prior Bond 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 such other entity or authority as may be designated as a Paying Agent for the Series 2004 Bonds by the Issuer in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1994 Bonds, the Series 1968 A Bonds, and the Series 1978 Bonds.

"Prior Resolutions" means, collectively, the resolution of the Issuer adopted April 4, 1994, authorizing the issuance of the Series 1994 Bonds, the resolution of the Issuer adopted June 29, 1968, authorizing the issuance of the Series 1968 A Bonds, and the resolution of the Issuer adopted May 23, 1980, authorizing the issuance of the Series 1978 Bonds.

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

"Project" means the Project as described in Section 1.20B hereof.

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

(a) Government Obligations;

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

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

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National

Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

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

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

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

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

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is exempt 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.

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established as the Depreciation Reserve by the Prior Resolutions and continued hereby.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2004 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts to be on deposit in any Reserve Account for the Prior Bonds and the Series 2004 Bonds.

"Revenue Fund" means the Revenue Fund created by the Prior Resolutions and continued hereby.

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

"Series 1994 Bonds" means the outstanding Combined Waterworks and Sewerage System Revenue Bonds, Series 1994, of the Issuer described in Section 1.02G hereof.

"Series 1968 A Bonds" means the outstanding Combined Waterworks and Sewerage System Revenue Bonds, Series A, of the Issuer described in Section 1.02G hereof.

"Series 1978 Bonds" means the outstanding Combined Water and Sewer Revenue Bonds, Series 1978, of the Issuer described in Section 1.02G hereof.

"Series 2004 Bonds" means, collectively, the Series 2004 A Bonds and the Series 2004 B Bonds.

"Series 2004 Bonds Construction Trust Fund" means the Series 2004 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2004 Bonds Reserve Accounts" means the Reserve Accounts established for the Series 2004 A Bonds and Series 2004 B Bonds.

"Series 2004 Bonds Sinking Funds" means the Sinking Funds established for the Series 2004 A Bonds and Series 2004 B Bonds.

"Series 2004 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia DWTRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2004 A Bonds Reserve Account" means the Series 2004 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2004 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 2004 A Bonds in the then current or any succeeding year.

"Series 2004 A Bonds Sinking Fund" means the Series 2004 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2004 B Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2004 B Bonds Reserve Account" means the Series 2004 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2004 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2004 B Bonds in the then current or any succeeding year.

"Series 2004 B Bonds Sinking Fund" means the Series 2004 B Bonds Sinking Fund established by Section 5.02 hereof.

"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 2004 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2004 Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including, without limitation, all funds and accounts established or continued hereunder.

"System" means the existing combined waterworks and sewerage system of the Issuer, as expanded and improved by the Project, and includes the complete waterworks and sewerage system of the Issuer and all waterworks and sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the combined waterworks and sewerage system; and shall also include any and all additions, extensions, improvements, properties or other

facilities at any time acquired or constructed for the combined waterworks and sewerage system after the completion of the Project.

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $3,233,000, 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 2004 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and has entered into or will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority and the BPH.

The cost of the Project is estimated not to exceed $3,223,000, of which not more than $450,000 will be obtained from proceeds of the Series 2004 A Bonds, not more than $850,000 will be obtained from proceeds of the Series 2004 B Bonds, $1,100,000 will be obtained from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia), and $833,000 will be obtained from a grant by the Appalachian Regional Commission.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2004 Bonds, funding a reserve account for the Series 2004 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2004 Bonds of the Issuer. The Series 2004 A Bonds shall be issued as a single bond, designated "Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia DWTRF Program)", in the principal amount of not more than $450,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The Series 2004 B Bonds shall be issued as a single bond, designated "Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 B (West Virginia DWTRF Program)," in the principal amount of not more than $850,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2004 Bonds remaining after funding of the Series 2004 Bonds Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 2004 Bonds, if any, shall be deposited in or credited to the Series 2004 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 2004 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 Agreements. The Series 2004 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2004 Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the respective Series 2004 Bonds shall each initially 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 respective Series 2004 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2004 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully

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

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

Section 3.03. Execution of Bonds. The Series 2004 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 2004 Bonds shall cease to be such officer of the Issuer before the Series 2004 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 2004 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 2004 Bonds 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 2004 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 2004 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 2004 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 2004 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 2004 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 2004 Bonds or transferring the registered Series 2004 Bonds are exercised, all Series 2004 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2004 Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2004 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 2004 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2004 Bonds or, in the case of any proposed redemption of Series 2004 Bonds, next preceding the date of the selection of Series 2004 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 2004 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 canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2004 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 2004 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2004 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 2004 Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operations of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2004 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2004 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2004 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 2004 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 2004 Bonds to the original purchasers;

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

D. An executed copy of each Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2004 Bonds.

Section 3.10. Form of Series 2004 Bonds. The text of the Series 2004 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COWEN PUBLIC SERVICE DISTRICT
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 2004 A
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this ____ day of _____, 200____, COWEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Webster 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, 200_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH") and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated _____, 2004.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and 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 combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on December 1, 2004, and a Supplemental Resolution duly adopted by the Issuer on December 1, 2004 (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 RESPECTS, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 6, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $268,500 (THE "SERIES 1994 BONDS"); (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 1, 1968, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $260,000 (THE "SERIES 1968 A BONDS"); (3) COMBINED WATER AND SEWER REVENUE BONDS, SERIES 1978 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 23, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $150,000 (THE "SERIES 1978 BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM), DATED _____, 2004 (THE "SERIES 2004 B BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____.

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 2004 B Bonds and the Prior Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2004 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest, if any, 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 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 or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2004 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 150% 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, so long as the Series 1968 A Bonds are outstanding, and thereafter, 115% of such amount; provided that, when the Series 1968 A Bonds are no longer outstanding and so long as there exists in the Series 2004 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 the 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 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.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any

proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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, COWEN 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 on 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 2004 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: _____, 2004.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COWEN PUBLIC SERVICE DISTRICT
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 2004 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this ____ day of _____, 200____, COWEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Webster 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, 200_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20_____, at the rate per annum as set forth on Exhibit B attached hereto. The Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, as set forth on EXHIBIT B attached hereto.

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 interest on this Bond is 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 Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest 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 be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH") and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated _____, 2004.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and 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 combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on December 1, 2004, and a Supplemental Resolution duly adopted by the Issuer on December 1, 2004 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 RESPECTS, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 6, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $268,500 (THE "SERIES 1994 BONDS"); (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 1, 1968, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $260,000 (THE "SERIES 1968 A BONDS"); (3) COMBINED WATER AND SEWER REVENUE BONDS, SERIES 1978 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 23, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $150,000 (THE "SERIES 1978 BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA DWTRF PROGRAM), DATED _____, 2004 (THE "SERIES 2004 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____.

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 2004 A Bonds and the Prior Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2004 B Bonds Reserve Account"), and unexpended

proceeds of the Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest, if any, 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 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 or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2004 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 150% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, so long as the Series 1968 A Bonds are outstanding, and thereafter, 115% of such amount; provided that, when the Series 1968 A Bonds are no longer outstanding and so long as there exists in the Series 2004 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 the 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 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.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 and interest on 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, COWEN 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 on 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 2004 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: _____, 2004.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

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 Agreements. The Series 2004 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 Agreements in the forms 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 Agreements 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 and the BPH an amended schedule, the form of which will be provided by the BPH, 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 if previously established by the Prior Resolutions) with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund (established by the Prior Resolutions);

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

(3) Series 2004 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 2004 A Bonds Sinking Fund;

(2) Series 2004 A Bonds Reserve Account;

(3) Series 2004 B Bonds Sinking Fund; and

(4) Series 2004 B Bonds Reserve Account.

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

(1) The Issuer shall first, each month, pay from 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 (i) to the National Finance Office, the amounts required by the Prior Resolutions to pay interest on the Series 1968 A Bonds and Series 1978 Bonds; (ii) to the Commission, for deposit in the Series 1994 Bonds Sinking Fund, the amounts required by the Prior Resolutions to pay interest on the Series 1994 Bonds; and (iii) to the Commission, commencing 3 months prior to the first date of payment of interest on the Series 2004 B Bonds, for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2004 B Bonds Sinking Fund, an amount equal to 1/3 of the amount of interest which will become due on the Series 2004 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 2004 B Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to the National Finance Office, the amounts required by the Prior Resolutions to pay the principal of the Series 1968 A Bonds and Series 1978 Bonds; (ii) to the Commission, for deposit in the Series 1994 Bonds Sinking Fund, the amounts required by the Prior Resolutions to pay the principal of the Series 1994 Bonds; (iii) to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2004 A Bonds, for deposit in the Series 2004 A Bonds Sinking Fund, an amount equal to 1/3 of the amount of principal which will mature and become due on the Series 2004 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 2004 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 (iv) to the Commission, commencing 3 months prior to the first date of payment of

principal of the Series 2004 B Bonds, for deposit in the Series 2004 B Bonds Sinking Fund, an amount equal to 1/3 of the amount of principal which will mature and become due on the Series 2004 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 2004 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 remit (i) to the Depository Bank, the amounts required by the Prior Resolutions to be deposited in the Series 1968 A Bonds Reserve Account and Series 1978 Bonds Reserve Account; (ii) to the Commission, for deposit in the Series 1994 Bonds Reserve Account, the amounts required by the Prior Resolutions to be deposited therein; (iii) to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2004 A Bonds, if not fully funded upon issuance of the Series 2004 A Bonds, for deposit in the Series 2004 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2004 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2004 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 2004 A Bonds Reserve Requirement; and (iv) to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2004 B Bonds, if not fully funded upon issuance of the Series 2004 B Bonds, for deposit in the Series 2004 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2004 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2004 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 2004 B Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund to the Renewal and Replacement Fund, formerly known as the Depreciation Reserve, the amounts required by the 1978 Bond Resolution, so long as the

Series 1968 A Bonds and the Series 1978 Bonds are outstanding, and an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the 1994 Bond Resolution 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 the Prior Resolutions and Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System and as permitted under the Prior Resolutions; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose of the System.

Monies in the respective Series 2004 Bonds Sinking Funds shall be used only for the purposes of paying principal of and interest, if any, on the respective Series 2004 Bonds, as the same shall become due. Monies in the Series 2004 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2004 A Bonds as the same shall come due, when other monies in the Series 2004 A Bonds Sinking Fund are insufficient therefor, and for no other purpose. Monies in the Series 2004 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2004 B Bonds as the same shall come due, when other monies in the Series 2004 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the respective Series 2004 Bonds Sinking Funds and the respective Series 2004 Bonds Reserve Accounts shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2004 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the respective Series 2004 Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the respective Series 2004 Bonds Reserve Accounts which result in a reduction in the balance of the respective Series 2004 Bonds Reserve Accounts to below the respective Series 2004 Bonds Reserve Requirements shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority set forth above.

As and when additional Bonds ranking on a parity with the Series 2004 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest, if any, on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2004 A Bonds Sinking Fund or the Series 2004 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2004 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

The Issuer shall not be required to make any further payments into the Series 2004 B Bonds Sinking Fund or the Series 2004 B Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2004 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2004 Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2004 Bonds Sinking Funds and the Series 2004 Bonds Reserve Accounts 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 2004 Bonds Sinking Funds and the Series 2004 Bonds Reserve Accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2004 Bonds Sinking Funds and the Series 2004 Bonds Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2004 Bonds Sinking Funds and the Series 2004 Bonds Reserve Accounts shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2004 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the first business day of each month), deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2004 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement.

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

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

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

F. The 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 relevant provisions of the Prior Resolutions, 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 2004 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2004 A Bonds, there shall first be deposited with the Commission in the Series 2004 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 2004 A Bonds for the period commencing on the date of issuance of the Series 2004 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2004 A Bonds, there shall be deposited with the Commission in the Series 2004 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2004 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2004 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2004 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 2004 A Bonds.

D. From the proceeds of the Series 2004 B Bonds, there shall first be deposited with the Commission in the Series 2004 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 2004 B Bonds for the period commencing on the date of issuance of the Series 2004 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

E. Next, from the proceeds of the Series 2004 B Bonds, there shall be deposited with the Commission in the Series 2004 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2004 B Bonds Reserve Account.

F. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2004 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2004 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 2004 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 2004 Bonds shall be applied as directed by the BPH.

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the BPH a report listing the specific purposes for which the proceeds of the Series 2004 Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2004 Bonds Construction Trust Fund shall be made only after submission to the BPH of the following:

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

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

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

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

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

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

Pending such application, monies in the Series 2004 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2004 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 2004 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 2004 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2004 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 2004 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2004 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of the Series 2004 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 the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest, if any, on the Prior Bonds and the Series 2004 Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreements. 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 Orders of the Public Service Commission of West Virginia entered in Case No. 03-1077-PWD-CN (water rates) and in Case No. 04-0156-PSWD-19A (sewer rates) and such rates are hereby adopted.

So long as the Series 2004 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 Agreements. In the event the schedule of rates and charges initially established for the System in connection with the Series 2004 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreements, 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 Agreements.

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, except as provided in the Prior Resolutions. Additionally, so long as the Series 2004 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the BPH, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay 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 2004 Bonds, immediately be remitted to the Commission for deposit in the Series 2004 Bonds Sinking Funds, and, with the written permission of the Authority and the BPH, 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 2004 Bonds. Any balance remaining after the payment of the Series 2004 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, in writing, 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 the Governing Body may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property shall be deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Revenue Fund or 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 2004 Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2004 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 2004 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2004 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 2004 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 the BPH prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants, 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 Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2004 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the BPH and without complying with the conditions and requirements herein provided. All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2004 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of extensions, additions, betterments or improvements to the System or refunding the Series 2004 Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall, so long as the Series 1968 A Bonds are Outstanding, not be less than 150%, and thereafter, 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 Bond Legislation then Outstanding; and

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates adopted by the Issuer, the time for appeal of which shall have expired (without successful appeal) 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 on account of increased rates,

rentals, fees and charges for the System adopted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds 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 liens of the Series 2004 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 2004 Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of the 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 BPH, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the BPH such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the BPH, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction of the Project and

commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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

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

The Issuer shall file with the BPH, the Authority, or any other original purchaser of the Series 2004 Bonds, and shall mail in each year to any Holder or Holders of the Series 2004 Bonds and the Consulting Engineer, requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations payable from the revenues of the system outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2004 Bonds, and shall submit said report to the BPH and the Authority, or any other original purchaser of the Series 2004 Bonds. Such audit report submitted to the BPH and the Authority shall include

a statement that notes whether the results of the 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 revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

The Issuer shall provide the BPH with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit D of the Loan Agreement for the Series 2004 Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2004 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 150% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2004 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the

Series 2004 Bonds so long as the Series 1968 A Bonds are Outstanding, and thereafter 115% of such amount; provided that, in the event that the Series 1968 A Bonds are no longer Outstanding and amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2004 Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2004 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 2004 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2004 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 Authority and the BPH within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered 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 registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the BPH 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 and resolutions be furnished him or her, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and the BPH 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 each Loan Agreement, and forward a copy of such report to the Authority and the BPH by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance

with the approved plans, specifications and designs as submitted to the Authority and the BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the BPH is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

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

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

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 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 to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2004 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 not less than 100% of the amount of any 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 System facilities are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

(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 BPH and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreements so

require, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion, Operation and Maintenance of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards. The Issuer shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2004 Bonds are outstanding.

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 West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2004 Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreements and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the BPH with copies of all documents submitted to the Authority.

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

Section 7.19. [Reserved]

Section 7.20. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2004 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Series 2004 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

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

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2004 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the BPH for written approval. The Issuer shall obtain the written approval of the BPH before expending any proceeds of the Series 2004 Bonds held in "contingency" as set forth in the schedule attached to the Certificate of Consulting Engineer. The Issuer shall also obtain the written approval of the BPH before expending any proceeds of the Series 2004 Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any 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, the Depository Bank, or such other bank or national banking association 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 investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2004 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on the Series 2004 Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate and 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 2004 Bonds as a condition to issuance of the Series 2004 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 2004 Bonds as may be necessary in order to maintain the status of the Series 2004 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 2004 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 BPH, as the case may be, from which the proceeds of the Series 2004 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 BPH, 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 Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2004 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 2004 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2004 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 2004 Bonds set forth in this Bond Legislation, any Supplemental Resolution or in the Series 2004 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Series 2004 Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2004 Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2004 Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2004 Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2004 Bonds shall be on a parity with the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 2004 Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to the Series 2004 Bonds, any Registered Owner of a Series 2004 Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Series 2004 Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Series 2004 Bonds and interest, if any, thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Series 2004 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 2004 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 2004 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2004 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2004 Bonds, no material modification or amendment of this Resolution, or of any resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2004 Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2004 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2004 Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest 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 the Series 2004 Bonds required for consent to the above-permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2004 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 2004 Bonds.

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

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

ISSUER:

Cowen Public Service District
Post Office Box 457
Cowen, West Virginia 26206
Attention: Chairman

AUTHORITY:

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

BPH:

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

All notices to be sent to the BPH hereunder, shall also be sent to the Authority.

Section 11.06. Conflicting Provisions Repealed. Except for the Prior Resolutions, 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 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.08. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public 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 in

each municipality in Cowen Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

(a) The maximum amount of the Series 2004 Bonds to be issued;

(b) The maximum interest rate and terms of the Series 2004 Bonds 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 charged by the Issuer; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.09. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 20th day of December, 2004.

Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of COWEN PUBLIC SERVICE DISTRICT on the 20th day of December, 2004.

Dated: December 29, 2004.

[SEAL]

Virginia G. Fletcher
Secretary

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

COWEN PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2004 A and Series 2004 B
(West Virginia DWTRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA DWTRF PROGRAM) AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM), OF COWEN PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT 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 Cowen Public Service District (the "Issuer") has duly and officially adopted a bond resolution, effective December 20, 2004 (the "Bond Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF COWEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $450,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2004 A

(WEST VIRGINIA DWTRF PROGRAM) AND NOT MORE THAN $850,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM); 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 Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia DWTRF Program), of the Issuer (the "Series 2004 A Bonds") and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), of the Issuer (the "Series 2004 B Bonds"), in the aggregate principal amount not to exceed $1,300,000, (collectively, the "Series 2004 Bonds") and has authorized the execution and delivery of loan agreements relating to the Series 2004 Bonds, including all schedules and exhibits attached thereto (collectively, the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), all in accordance with Chapter 16, Article 13A and Chapter 16, Article 13C 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 Agreement and the exact principal amount, date, maturity date, redemption provisions, interest rate, interest and principal payment dates, sale price and other terms of the Series 2004 Bonds should be established by a supplemental resolution pertaining to the Series 2004 Bonds; and that other matters relating to the Series 2004 Bonds be herein provided for;

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

WHEREAS, the Series 2004 Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provisions, the interest rate, the interest and principal payment dates, the sale price and other terms of the Series 2004 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2004 Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF COWEN 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) Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 A (West Virginia DWTRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $400,000. The Series 2004 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2036, and shall bear no interest. The principal of the Series 2004 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2006, and maturing June 1, 2036, 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 2004 A Bonds. The Series 2004 A Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2004 A Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1% of the principal amount of the Series 2004 A Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

(B) Combined Waterworks and Sewerage System Revenue Bonds, Series 2004 B (West Virginia DWTRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $800,000. The Series 2004 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2026, and shall bear interest at the rate of 2% per annum, payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing

September 1, 2006. The principal of the Series 2004 B Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2006, and maturing June 1, 2026, 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 2004 B Bonds. The Series 2004 B Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2004 B Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1% of the principal amount of the Series 2004 B Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

Section 2. All other provisions relating to the Series 2004 Bonds and the text of the Series 2004 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 Agreement, incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the BPH and the Authority. The price of the Series 2004 Bonds shall be 100% of par value, there being no interest accrued thereon, provided that, the proceeds of the Series 2004 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 Series 2004 Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2004 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 Series 2004 A Bonds under the Bond Resolution.

Section 6. The Issuer does hereby appoint and designate First Community Bank, N.A., Summersville, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2004 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2004 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2004 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2004 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2004 A Bonds shall be deposited in or credited to the Series 2004 Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2004 A Bonds and related costs.

Section 10. Series 2004 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2004 B Bonds Sinking Fund, as capitalized interest.

Section 11. Series 2004 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2004 B Bonds Reserve Account.

Section 12. The balance of the proceeds of the Series 2004 B Bonds shall be deposited in or credited to the Series 2004 Bonds Construction Trust Fund as received from time to time for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2004 B Bonds and related costs.

Section 13. The Chairman and the Secretary are hereby authorized and directed to execute and deliver such other documents, agreements and certificates required or desirable in connection with the Series 2004 Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Series 2004 Bonds may be delivered on or about December 29, 2004, to the Authority pursuant to the Loan Agreement.

Section 14. The acquisition and construction of the Project and the financing thereof with proceeds of the Series 2004 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 does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 16. 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 Series 2004 A Bonds Sinking Fund, the Series 2004 A Bonds Reserve Account, the Series 2004 B Bonds Sinking Fund and the Series 2004 B Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

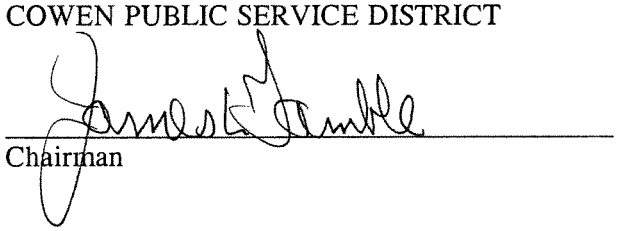
Section 17. The Issuer shall not permit at any time or times any of the proceeds of the Series 2004 Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2004 Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 18. The Issuer hereby approves payment of all invoices and bills for the Project which have been received to date from the proceeds of the Series 2004 Bonds.

Section 19. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 20th day of December, 2004.

COWEN PUBLIC SERVICE DISTRICT



Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Cowen Public Service District on the 20th day of December, 2004.

Dated: December 29, 2004.

[SEAL]

Virginia S. Fletcher
Secretary

12/15/04
193040.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COWEN PUBLIC SERVICE DISTRICT
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 2004 A
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-1 $400,000

KNOW ALL MEN BY THESE PRESENTS: That on this 29th day of December, 2004, COWEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Webster County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of FOUR HUNDRED THOUSAND DOLLARS ($400,000), 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, 2006, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2006, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH") and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated December 29, 2004.

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

of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on December 20, 2004, and a Supplemental Resolution duly adopted by the Issuer on December 20, 2004 (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 RESPECTS, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 6, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $268,500 (THE "SERIES 1994 BONDS"); (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 1, 1968, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $260,000 (THE "SERIES 1968 A BONDS"); (3) COMBINED WATER AND SEWER REVENUE BONDS, SERIES 1978 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 23, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $150,000 (THE "SERIES 1978 BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 29, 2004, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $800,000 (THE "SERIES 2004 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2004 B Bonds and the Prior Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2004 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest, if any, 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 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 or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2004 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 150% 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, so long as the Series 1968 A Bonds are outstanding, and thereafter, 115% of such amount; provided that, when the Series 1968 A Bonds are no longer outstanding and so long as there exists in the Series 2004 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 the 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 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.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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, COWEN 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 on the day and year first written above.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 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: December 29, 2004.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 10,000	December 29, 2004	(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

$400,000 **DWTRF - Series A**

Cowen Public Service District
30 Years, 0% Interest Rate, 1% Administrative Fee
Closing Date: December 29, 2004

Debt Service Schedule

Date	Principal	Coupon	Total P+I
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	3,333.34	-	3,333.34
12/01/2006	3,333.34	-	3,333.34
03/01/2007	3,333.34	-	3,333.34
06/01/2007	3,333.34	-	3,333.34
09/01/2007	3,333.34	-	3,333.34
12/01/2007	3,333.34	-	3,333.34
03/01/2008	3,333.34	-	3,333.34
06/01/2008	3,333.34	-	3,333.34
09/01/2008	3,333.34	-	3,333.34
12/01/2008	3,333.34	-	3,333.34
03/01/2009	3,333.34	-	3,333.34
06/01/2009	3,333.34	-	3,333.34
09/01/2009	3,333.34	-	3,333.34
12/01/2009	3,333.34	-	3,333.34
03/01/2010	3,333.34	-	3,333.34
06/01/2010	3,333.34	-	3,333.34
09/01/2010	3,333.34	-	3,333.34
12/01/2010	3,333.34	-	3,333.34
03/01/2011	3,333.34	-	3,333.34
06/01/2011	3,333.34	-	3,333.34
09/01/2011	3,333.34	-	3,333.34
12/01/2011	3,333.34	-	3,333.34
03/01/2012	3,333.34	-	3,333.34
06/01/2012	3,333.34	-	3,333.34
09/01/2012	3,333.34	-	3,333.34
12/01/2012	3,333.34	-	3,333.34
03/01/2013	3,333.34	-	3,333.34
06/01/2013	3,333.34	-	3,333.34
09/01/2013	3,333.34	-	3,333.34
12/01/2013	3,333.34	-	3,333.34
03/01/2014	3,333.34	-	3,333.34
06/01/2014	3,333.34	-	3,333.34
09/01/2014	3,333.34	-	3,333.34
12/01/2014	3,333.34	-	3,333.34
03/01/2015	3,333.34	-	3,333.34
06/01/2015	3,333.34	-	3,333.34
09/01/2015	3,333.34	-	3,333.34
12/01/2015	3,333.34	-	3,333.34

Date	Principal	Coupon	Total P+I
03/01/2016	3,333.34	-	3,333.34
06/01/2016	3,333.34	-	3,333.34
09/01/2016	3,333.33	-	3,333.33
12/01/2016	3,333.33	-	3,333.33
03/01/2017	3,333.33	-	3,333.33
06/01/2017	3,333.33	-	3,333.33
09/01/2017	3,333.33	-	3,333.33
12/01/2017	3,333.33	-	3,333.33
03/01/2018	3,333.33	-	3,333.33
06/01/2018	3,333.33	-	3,333.33
09/01/2018	3,333.33	-	3,333.33
12/01/2018	3,333.33	-	3,333.33
03/01/2019	3,333.33	-	3,333.33
06/01/2019	3,333.33	-	3,333.33
09/01/2019	3,333.33	-	3,333.33
12/01/2019	3,333.33	-	3,333.33
03/01/2020	3,333.33	-	3,333.33
06/01/2020	3,333.33	-	3,333.33
09/01/2020	3,333.33	-	3,333.33
12/01/2020	3,333.33	-	3,333.33
03/01/2021	3,333.33	-	3,333.33
06/01/2021	3,333.33	-	3,333.33
09/01/2021	3,333.33	-	3,333.33
12/01/2021	3,333.33	-	3,333.33
03/01/2022	3,333.33	-	3,333.33
06/01/2022	3,333.33	-	3,333.33
09/01/2022	3,333.33	-	3,333.33
12/01/2022	3,333.33	-	3,333.33
03/01/2023	3,333.33	-	3,333.33
06/01/2023	3,333.33	-	3,333.33
09/01/2023	3,333.33	-	3,333.33
12/01/2023	3,333.33	-	3,333.33
03/01/2024	3,333.33	-	3,333.33
06/01/2024	3,333.33	-	3,333.33
09/01/2024	3,333.33	-	3,333.33
12/01/2024	3,333.33	-	3,333.33
03/01/2025	3,333.33	-	3,333.33
06/01/2025	3,333.33	-	3,333.33
09/01/2025	3,333.33	-	3,333.33
12/01/2025	3,333.33	-	3,333.33
03/01/2026	3,333.33	-	3,333.33
06/01/2026	3,333.33	-	3,333.33
09/01/2026	3,333.33	-	3,333.33
12/01/2026	3,333.33	-	3,333.33

Date	Principal	Coupon	Total P+I
03/01/2027	3,333.33	-	3,333.33
06/01/2027	3,333.33	-	3,333.33
09/01/2027	3,333.33	-	3,333.33
12/01/2027	3,333.33	-	3,333.33
03/01/2028	3,333.33	-	3,333.33
06/01/2028	3,333.33	-	3,333.33
09/01/2028	3,333.33	-	3,333.33
12/01/2028	3,333.33	-	3,333.33
03/01/2029	3,333.33	-	3,333.33
06/01/2029	3,333.33	-	3,333.33
09/01/2029	3,333.33	-	3,333.33
12/01/2029	3,333.33	-	3,333.33
03/01/2030	3,333.33	-	3,333.33
06/01/2030	3,333.33	-	3,333.33
09/01/2030	3,333.33	-	3,333.33
12/01/2030	3,333.33	-	3,333.33
03/01/2031	3,333.33	-	3,333.33
06/01/2031	3,333.33	-	3,333.33
09/01/2031	3,333.33	-	3,333.33
12/01/2031	3,333.33	-	3,333.33
03/01/2032	3,333.33	-	3,333.33
06/01/2032	3,333.33	-	3,333.33
09/01/2032	3,333.33	-	3,333.33
12/01/2032	3,333.33	-	3,333.33
03/01/2033	3,333.33	-	3,333.33
06/01/2033	3,333.33	-	3,333.33
09/01/2033	3,333.33	-	3,333.33
12/01/2033	3,333.33	-	3,333.33
03/01/2034	3,333.33	-	3,333.33
06/01/2034	3,333.33	-	3,333.33
09/01/2034	3,333.33	-	3,333.33
12/01/2034	3,333.33	-	3,333.33
03/01/2035	3,333.33	-	3,333.33
06/01/2035	3,333.33	-	3,333.33
09/01/2035	3,333.33	-	3,333.33
12/01/2035	3,333.33	-	3,333.33
03/01/2036	3,333.33	-	3,333.33
06/01/2036	3,333.33	-	3,333.33
Total	**$400,000.00**	**-**	**$400,000.00**

*Plus $504.17 one-percent administrative fee paid quarterly. Total fee paid over life of loan is $60,500.40.

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: _____.

SPECIMEN

_____

In the presence of:

_____

12/15/04
193040.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COWEN PUBLIC SERVICE DISTRICT
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 2004 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-1 $800,000

KNOW ALL MEN BY THESE PRESENTS: That on this 29th day of December, 2004, COWEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Webster 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 EIGHT HUNDRED THOUSAND DOLLARS ($800,000), 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, 2006, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2006, at the rate per annum as set forth on Exhibit B attached hereto. The Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2006, 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 interest on this Bond is 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 Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest 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 be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH") and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated December 29, 2004.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and 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 combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on December 20, 2004, and a Supplemental Resolution duly adopted by the Issuer on December 20, 2004 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 RESPECTS, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 (WEST VIRGINIA SRF PROGRAM), DATED APRIL 6, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $268,500 (THE "SERIES 1994 BONDS"); (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JULY 1, 1968, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $260,000 (THE "SERIES 1968 A BONDS"); (3) COMBINED WATER AND SEWER REVENUE BONDS, SERIES 1978 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED MAY 23, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $150,000 (THE "SERIES 1978 BONDS") (COLLECTIVELY, THE "PRIOR BONDS"); AND (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2004 A (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 29, 2004 (THE "SERIES 2004 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $400,000 (THE "SERIES 2004 A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 2004 A Bonds and the Prior Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2004 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest, if any, 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 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 or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2004 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 150% of the maximum amount payable in any year for principal of and interest on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, so long as the Series 1968 A Bonds are outstanding, and thereafter, 115% of such amount; provided that, when the Series 1968 A Bonds are no longer outstanding and so long as there exists in the Series 2004 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 the 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 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.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and 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 and interest on 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, COWEN 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 on the day and year first written above.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 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: December 29, 2004.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 20,000	December 29, 2004	(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 $

DEBT SERVICE SCHEDULE

$800,000

DWTRF - Series B

Cowen Public Service District
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: December 29, 2004

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
03/01/2005	-	-	-	-
06/01/2005	-	-	-	-
09/01/2005	-	-	-	-
12/01/2005	-	-	-	-
03/01/2006	-	-	-	-
06/01/2006	-	-	-	-
09/01/2006	8,157.63	2.000%	4,000.00	12,157.63
12/01/2006	8,198.42	2.000%	3,959.21	12,157.63
03/01/2007	8,239.41	2.000%	3,918.22	12,157.63
06/01/2007	8,280.61	2.000%	3,877.02	12,157.63
09/01/2007	8,322.01	2.000%	3,835.62	12,157.63
12/01/2007	8,363.62	2.000%	3,794.01	12,157.63
03/01/2008	8,405.44	2.000%	3,752.19	12,157.63
06/01/2008	8,447.46	2.000%	3,710.16	12,157.62
09/01/2008	8,489.70	2.000%	3,667.93	12,157.63
12/01/2008	8,532.15	2.000%	3,625.48	12,157.63
03/01/2009	8,574.81	2.000%	3,582.82	12,157.63
06/01/2009	8,617.68	2.000%	3,539.94	12,157.62
09/01/2009	8,660.77	2.000%	3,496.86	12,157.63
12/01/2009	8,704.08	2.000%	3,453.55	12,157.63
03/01/2010	8,747.60	2.000%	3,410.03	12,157.63
06/01/2010	8,791.34	2.000%	3,366.29	12,157.63
09/01/2010	8,835.29	2.000%	3,322.34	12,157.63
12/01/2010	8,879.47	2.000%	3,278.16	12,157.63
03/01/2011	8,923.87	2.000%	3,233.76	12,157.63
06/01/2011	8,968.49	2.000%	3,189.14	12,157.63
09/01/2011	9,013.33	2.000%	3,144.30	12,157.63
12/01/2011	9,058.39	2.000%	3,099.23	12,157.62
03/01/2012	9,103.69	2.000%	3,053.94	12,157.63
06/01/2012	9,149.20	2.000%	3,008.42	12,157.62
09/01/2012	9,194.95	2.000%	2,962.68	12,157.63
12/01/2012	9,240.93	2.000%	2,916.70	12,157.63
03/01/2013	9,287.13	2.000%	2,870.50	12,157.63
06/01/2013	9,333.57	2.000%	2,824.06	12,157.63
09/01/2013	9,380.23	2.000%	2,777.39	12,157.62
12/01/2013	9,427.13	2.000%	2,730.49	12,157.62
03/01/2014	9,474.27	2.000%	2,683.36	12,157.63
06/01/2014	9,521.64	2.000%	2,635.99	12,157.63
09/01/2014	9,569.25	2.000%	2,588.38	12,157.63
12/01/2014	9,617.10	2.000%	2,540.53	12,157.63
03/01/2015	9,665.18	2.000%	2,492.45	12,157.63
06/01/2015	9,713.51	2.000%	2,444.12	12,157.63
09/01/2015	9,762.08	2.000%	2,395.55	12,157.63
12/01/2015	9,810.89	2.000%	2,346.74	12,157.63

Date	Principal	Coupon	Interest	Total P+I
03/01/2016	9,859.94	2.000%	2,297.69	12,157.63
06/01/2016	9,909.24	2.000%	2,248.39	12,157.63
09/01/2016	9,958.79	2.000%	2,198.84	12,157.63
12/01/2016	10,008.58	2.000%	2,149.05	12,157.63
03/01/2017	10,058.62	2.000%	2,099.01	12,157.63
06/01/2017	10,108.92	2.000%	2,048.71	12,157.63
09/01/2017	10,159.46	2.000%	1,998.17	12,157.63
12/01/2017	10,210.26	2.000%	1,947.37	12,157.63
03/01/2018	10,261.31	2.000%	1,896.32	12,157.63
06/01/2018	10,312.62	2.000%	1,845.01	12,157.63
09/01/2018	10,364.18	2.000%	1,793.45	12,157.63
12/01/2018	10,416.00	2.000%	1,741.63	12,157.63
03/01/2019	10,468.08	2.000%	1,689.55	12,157.63
06/01/2019	10,520.42	2.000%	1,637.21	12,157.63
09/01/2019	10,573.02	2.000%	1,584.61	12,157.63
12/01/2019	10,625.89	2.000%	1,531.74	12,157.63
03/01/2020	10,679.02	2.000%	1,478.61	12,157.63
06/01/2020	10,732.41	2.000%	1,425.22	12,157.63
09/01/2020	10,786.07	2.000%	1,371.55	12,157.62
12/01/2020	10,840.00	2.000%	1,317.62	12,157.62
03/01/2021	10,894.20	2.000%	1,263.42	12,157.62
06/01/2021	10,948.67	2.000%	1,208.95	12,157.62
09/01/2021	11,003.42	2.000%	1,154.21	12,157.63
12/01/2021	11,058.44	2.000%	1,099.19	12,157.63
03/01/2022	11,113.73	2.000%	1,043.90	12,157.63
06/01/2022	11,169.30	2.000%	988.33	12,157.63
09/01/2022	11,225.14	2.000%	932.49	12,157.63
12/01/2022	11,281.27	2.000%	876.36	12,157.63
03/01/2023	11,337.67	2.000%	819.95	12,157.62
06/01/2023	11,394.36	2.000%	763.27	12,157.63
09/01/2023	11,451.33	2.000%	706.29	12,157.62
12/01/2023	11,508.59	2.000%	649.04	12,157.63
03/01/2024	11,566.13	2.000%	591.49	12,157.62
06/01/2024	11,623.97	2.000%	533.66	12,157.63
09/01/2024	11,682.09	2.000%	475.54	12,157.63
12/01/2024	11,740.50	2.000%	417.13	12,157.63
03/01/2025	11,799.20	2.000%	358.43	12,157.63
06/01/2025	11,858.19	2.000%	299.43	12,157.62
09/01/2025	11,917.48	2.000%	240.14	12,157.62
12/01/2025	11,977.07	2.000%	180.56	12,157.63
03/01/2026	12,036.96	2.000%	120.67	12,157.63
06/01/2026	12,097.14	2.000%	60.49	12,157.63
Total	**$800,000.00**	**-**	**$172,610.25**	**$972,610.25**

***Plus $1,078.82 one-percent administrative fee paid quarterly. Total fee paid over life of loan is $86,305.60.**

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:

_____

SPECIMEN

12/15/04
193040.00001

COWEN PUBLIC SERVICE DISTRICT

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 (WEST VIRGINIA SRF PROGRAM) and INTERIM CONSTRUCTION FINANCING

BOND AND NOTES RESOLUTION

Table of Contents

Subject		Page
ARTICLE I		
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01	Authority for this Resolution	1
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		
Section 2.01	Authorization of Acquisition and Construction of the Project	13
ARTICLE III		
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT		
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 Bonds	17
	FORM OF BOND	18
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	26
Section 3.12	"Amended Schedule A" Filing	26

ARTICLE IV
INTERIM CONSTRUCTION FINANCING

Section 4.01	Authorization and General Terms	27
Section 4.02	Terms of and Security for Notes; Trust Indentur	27
Section 4.03	Notes are Special Obligations	27
Section 4.04	Letters of Credit	27

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	28
Section 5.02	Establishment of Funds and Accounts with Commission	28
Section 5.03	System Revenues; Flow of Funds	28

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	33
Section 6.02	Disbursements From the Bond Construction Trust Fund	33

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	35
Section 7.02	Bonds and Notes not to be Indebtedness of the Issuer	35
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds	35
Section 7.04	Initial Schedule of Rates and Charges	36
Section 7.05	Sale of the System	36

Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	37
Section 7.07	Parity Bonds	38
Section 7.08	Books; Records and Facilities	40
Section 7.09	Rates	42
Section 7.10	Operating Budget; Audit 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	46
Section 7.17	Completion of Project; Permits and Orders	47
Section 7.18	Tax Covenants	47
Section 7.19	Statutory Mortgage Lien	48
Section 7.20	Compliance with Loan Agreement and Law	48

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	Investments	49
Section 8.02	Arbitrage and Tax Exemption	49
Section 8.03	Tax Certificate and Rebate	50

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	52
Section 9.02	Remedies	53
Section 9.03	Appointment of Receiver	53

ARTICLE X
DEFEASANCE

Section 10.01	Defeasance of Bonds	55
Section 10.02	Defeasance of Notes	56

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	57
Section 11.02	Bond Legislation Constitutes Contract	57
Section 11.03	Severability of Invalid Provisions	57

Section 11.04	Headings, Etc.	57
Section 11.05	Conflicting Provisions Repealed; Prior Resolutions	57
Section 11.06	Covenant of Due Procedure, Etc.	58
Section 11.07	Public Notice of Proposed Financing	58
Section 11.08	Effective Date	59
	SIGNATURES	59
	CERTIFICATION	60

COWEN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE FACILITIES OF COWEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $268,500 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN $250,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF COWEN 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 and Chapter 20, Article 5I 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. Cowen Public Service District (the "Issuer") is a public service district and political subdivision of the State of West Virginia in Webster County of said State.

B. The Issuer presently owns and operates a public combined waterworks and 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 certain improvements and extensions to the sewerage portion of the existing public combined waterworks and sewerage facilities of the Issuer, consisting of upgrading its sewerage treatment plant, replacing and renovating sections of the sewerage collection system to reduce inflow and infiltration, 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 at an estimated cost of $1,158,500, of which $268,500 will be obtained from proceeds of sale of the Series 1994 Bonds and $890,000 from a grant by the Economic Development Authority, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer. The existing public combined waterworks and sewerage facilities, the Project and any further additions or improvements thereto or extensions thereof are herein called the "System."

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Prior Bonds and the Series 1994 Bonds and all Sinking Funds, Reserve Accounts and other payments provided for herein and in the Prior Resolutions, all as such terms are hereinafter defined.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), in the total aggregate principal amount of not more than $268,500, initially to be represented by a single bond (the "Series 1994 Bonds"), and (at the option of the Issuer) to issue its sewerage system bond anticipation notes prior to issuance of the Series 1994 Bonds and contemporaneously therewith, or as soon as practicable thereafter, to issue its sewerage system grant anticipation notes and/or a note or notes evidencing a line of credit, or any combination of the foregoing (collectively, the "Notes"), in the aggregate principal amount of not more than $250,000 to temporarily finance costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Series 1994 Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 1994 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 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 1994 Bonds and/or the Notes 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, including, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1994 Bonds or the Notes or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The Issuer intends to permanently finance such 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 program (the "SRF Program"), pursuant to the Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program.

F. The period of usefulness of the System after completion of the Project is not less than 20 years.

G. It is in the best interests of the Issuer that its Series 1994 Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Department of Commerce, Labor and Environmental Resources (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP, to be approved hereby if not previously approved by resolution of the Issuer.

H. There are outstanding obligations of the Issuer which will rank on parity with the Series 1994 Bonds as to liens, pledge and source of and security for payment, being the Issuer's Combined Waterworks and Sewage System Revenue Bond, Series A, dated July 1, 1968, issued in the original aggregate principal amount of $260,000, and the Issuer's Combined Water and Sewer Revenue Bond, Series 1978, dated May 23, 1980, issued in the original aggregate principal amount of $150,000 (collectively, the "Prior Bonds").

The Issuer has met the parity requirements of the Prior Bonds and the Prior Resolutions (as hereinafter defined) or has obtained a sufficient and valid consent of the Holders of the Prior Bonds with respect thereto, and the Series 1994 Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. The grant anticipation notes, if issued, will not be payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues, certain proceeds of such grant anticipation notes and proceeds of a letter of

credit, if any, all as shall be set forth in the Indenture and/or the Supplemental Resolution authorizing the Notes or such grant anticipation notes. The bond anticipation notes, if issued, will be payable from the proceeds of the Series 1994 Bonds, certain proceeds of such bond anticipation notes and the Net Revenues, if necessary, all as shall be set forth in the Indenture and/or the Supplemental Resolution authorizing the Notes or such bond anticipation notes.

Other than the Prior Bonds, there are no outstanding obligations of the Issuer which will rank prior to or on a parity with the Series 1994 Bonds as to liens, pledge and/or source of and security for payment.

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 the issuance of the Series 1994 Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a Certificate of Public Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1994 Bonds or any of the Notes or such final order will not be subject to appeal or rehearing.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1994 Bonds and the Notes 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 such Noteholders, 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 1994 Bonds and Notes, respectively, 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 and between any one Note of a series and any other Note 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 and Chapter 20, Article 5I 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 1994 Bonds, 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 Governing Body of the Issuer or any temporary Chairman duly selected by the Governing Body.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

"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" or "Bond and Notes Resolution" means this Bond and Notes 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.

"Bond Year" means each one-year period (or shorter period from the date of issue of the Series 1994 Bonds) that ends at the close of business on October 1 of each calendar year, unless otherwise required under the Code.

"Bonds" means, collectively, the Series 1994 Bonds and any bonds on a parity therewith authorized to be issued hereunder, and includes the Prior Bonds, whether such Prior Bonds are specifically referred to or not, unless the context otherwise requires.

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

"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.

"Completion Date" means the completion date of the Project, as defined in the SRF Regulations.

"Consulting Engineers" means Pentree, Inc., Princeton, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof; 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.

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Department of Commerce, Labor and Environmental Resources, 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.

"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.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant.

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

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

"Indenture" or "Trust Indenture" means the Trust Indenture which may, at the Issuer's option, be entered into between the Issuer and the Trustee relating to any or all of the Notes and all supplements or amendments thereto.

"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.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means Cowen Public Service District, in Webster County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the Loan Agreement heretofore entered into, or to be entered into, among the Authority, the DEP and the Issuer, providing for the purchase of the Series 1994 Bonds from the Issuer by the Authority, the form 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 1994 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1994 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1994 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.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1994 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1994 Bonds.

"Noteholder," "Holder of the Notes" or any similar term means the person, whenever used herein with respect to an outstanding Note or Notes, in whose name such Note is registered.

"Notes" means, collectively, the not more than $250,000 in aggregate principal amount of sewerage system bond anticipation notes, grant anticipation notes and/or notes evidencing a line of credit, or any combination of the foregoing, and originally authorized hereby, which may be issued by the Issuer, the terms of which shall be set forth in one or more Supplemental Resolutions, and unless the context clearly indicates otherwise, the terms "Notes" includes any refunding Notes of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by the Indenture.

"Notes Registrar" means the bank to be designated as such in the Indenture and/or the Supplemental Resolution pertaining to such Notes and its successors and assigns.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital.

"Original Notes Purchaser" means, in the event Notes are issued, the original purchaser of such Notes, as shall be named in the Supplemental Resolution, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Outstanding," when used with reference to Bonds or Notes and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered, or all Notes theretofore and thereupon being authenticated and delivered, as applicable, except (i) any Bond or Note cancelled by the Bond Registrar or Notes Registrar, at or prior to said date; (ii) any Bond or Note 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 or under the Indenture, as applicable, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond or Note deemed to have been paid as provided in Article X hereof or as provided in the Indenture, as applicable; and (iv) for purposes of consents or other action by a specified percentage of Bondholders or Noteholders, any Bonds or Notes 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 bank or banks or other entity designated as such for the Series 1994 Bonds and/or the Notes in the Indenture or in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Prior Bonds" means, collectively, the Issuer's Combined Waterworks and Sewage System Revenue Bond, Series A, dated July 1, 1968, issued in the original aggregate principal amount of $260,000, and the Issuer's Combined Water and Sewer Revenue Bond, Series 1978, dated May 23, 1980, issued in the original aggregate principal amount of $150,000.

"Prior Resolutions" means, collectively, the resolutions of the Issuer adopted June 29, 1968, and May 23, 1980, authorizing the respective Prior Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Project" means the acquisition and construction of certain improvements and extensions to the sewerage portion of the existing public combined waterworks and sewerage facilities of the Issuer, consisting of upgrading its sewerage treatment plant, replacing and renovating sections of the sewerage collection system to reduce inflow and infiltration, together with all appurtenant facilities.

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

(1) Government Obligations.

(2) Obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

(a) Export-Import Bank,

(b) Farmers Home Administration,

(c) General Services Administration,

(d) United States Maritime Administration,

(e) Small Business Administration,

(f) Government National Mortgage Association (GNMA),

(g) United States Department of Housing & Urban Development (PHA's),

(h) Federal Housing Administration.

(3) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAAm; or AAm;

(4) Certificates of deposit secured at all times by collateral described in (1) and/or (2) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short term obligations are rated A-1 or better by S&P and P-1 by Moody's. The collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral;

(5) Certificates of deposit, savings accounts, deposits accounts or money market deposits which are fully insured by Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation;

(6) Investment agreements, including guaranteed investment contracts;

(7) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P;

(8) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

(9) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P;

(10) Repurchase agreements, the maturity of which are 30 days or less, entered into with (1) a Qualified Bank or (2) a government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York and which is a member of the Security Investors Protection Corporation ("SIPC"); such repurchase agreement must be

continuously and fully secured by first perfected security interests in obligations of the type described in clause (1) or (2) above which have a fair market value, exclusive of accrued interest, at least equal to 103% of the amount invested in the repurchase agreement and which are held by the Depository Bank or its agent or, in the case of book-entry securities, are registered in the name of the Depository Bank as pledgee and are free and clear of any adverse claims, must be valued weekly and marked-to-market at current market price, plus accrued interest, and must be a legal investment under the laws of the State; and

(11) State pooled investment funds.

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

"Registrar" means, as appropriate, either the Bond Registrar or the Notes Registrar, or both.

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

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

"Series 1994 Bonds" means the not more than $268,500 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), of the Issuer, authorized herein.

"Series 1994 Bonds Reserve Account" means the Series 1994 Bonds Reserve Account established in the Series 1994 Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1994 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1994 Bonds in the then current or any succeeding year.

"Series 1994 Bonds Sinking Fund" means the Series 1994 Bonds Sinking Fund established by Section 5.02 hereof.

"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 from 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 any or all of the Notes or the sale of the Series 1994 Bonds, as the case may be; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Notes or the Series 1994 Bonds, as the case may be, 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 1994 Bonds (including, without limitation, the Prior Bonds) or any other obligations of the Issuer, including, without limitation, the Depreciation Reserve and the Reserve Accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the complete public combined waterworks and sewerage system of the Issuer, including all waterworks and sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the System; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the System.

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

"Trustee" means the banking institution designated as trustee for the Noteholders under the Indenture, if any, its successors and assigns.

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 the acquisition and construction of the Project, at an estimated cost of $1,158,500, 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 Notes and the Series 1994 Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

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.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1994 Bonds, funding a reserve account for the Series 1994 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1994 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 1994 Bonds of the Issuer, in an aggregate principal amount of not more than $268,500. The Series 1994 Bonds shall be issued as a single bond, designated as "Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program)," and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The Series 1994 Bonds shall be issued contemporaneously with or prior to issuance of the grant anticipation notes, if any. The proceeds of the Series 1994 Bonds remaining after funding of the Series 1994 Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Bond 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 1994 Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1994 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 1994 Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1994 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 1994 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1994 Bonds shall be exchangeable at the option and expense of the Holder 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. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Series 1994 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 1994 Bonds shall cease to be such officer of the Issuer before the Series 1994 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 1994 Bond 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 1994 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 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 1994 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 1994 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 1994 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 Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1994 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of such Bonds.

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any 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 1994 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 1994 Bonds Reserve Account. No holder or holders of the Series 1994 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1994 Bonds or the interest 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 1994 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 Prior 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 1994 Bonds and to make the payments into the Series 1994 Bonds Sinking Fund, the Reserve Accounts and the Depreciation Reserve as hereinafter set forth are hereby irrevocably pledged to the payment of the principal of and interest on the Prior Bonds and the Series 1994 Bonds as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1994 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1994 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 1994 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 1994 Bonds to the original purchasers; and

C. The unqualified approving opinion of bond counsel on the Series 1994 Bonds.

Section 3.10. Form of Bonds. The text of the Series 1994 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COWEN PUBLIC SERVICE DISTRICT
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 1994
(WEST VIRGINIA SRF PROGRAM)

No. R-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That COWEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Webster 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 _____ 1, _____ 1, _____ 1 and _____ 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit B.

The interest on such advances shall run from the Completion Date (as defined in the hereinafter described Bond Legislation), and such interest shall be payable quarterly on _____ 1, _____ 1, _____ 1 and _____ 1 of each year. 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 interest on this Bond is 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest 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 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 by and

among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated _____, 199___.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the sewerage portion of the existing public combined waterworks and sewerage facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv)] to pay certain costs of issuance hereof and related costs. The existing public combined waterworks and 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 20, Article 5I of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond and Notes Resolution duly adopted by the Issuer on _____, 1994, and a Supplemental Resolution duly adopted by the Issuer on _____, 1994 (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 RESPECTS, WITH THE ISSUER'S COMBINED WATERWORKS AND SEWAGE SYSTEM REVENUE BOND, SERIES A, DATED JULY 1, 1968, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $260,000, AND THE ISSUER'S COMBINED WATER AND SEWER REVENUE BOND, SERIES 1978, DATED MAY 23, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $150,000 (COLLECTIVELY, 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 Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1994 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 hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1994 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 150% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds, so long as the Prior Bonds are outstanding, and thereafter, 115% of such amount; provided however, that when the Prior Bonds are no longer outstanding and so long as there exists in the Series 1994 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest 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 prior to or on a parity with the 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 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 have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the 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, COWEN 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 _____, 199__.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1994 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: _____, 1994.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer 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 1994 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the 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.

Section 3.12. "Amended Schedule A" Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts or issuance of the Series 1994 Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $250,000. The Notes may be in the form of bond anticipation notes, grant anticipation notes and/or as evidence of a line of credit from a commercial bank or other lender, or any combination of the foregoing, at the discretion of the Issuer, and as shall be set forth in one or more resolutions supplemental hereto. The Notes 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 Indenture and/or supplemental resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denominations, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a supplemental resolution), or one or more supplemental resolutions, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 1994 Bonds or the Net Revenues (if issued in the form of bond anticipation notes) or the Grant Receipts, the Surplus Revenues and letter of credit proceeds (if issued in the form of grant anticipation notes) and from other sources described in the Indenture and/or such supplemental resolution or resolutions. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and/or the Supplemental Resolution.

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed $250,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter or letters of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

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 and established (or continued if previously created and established by the Prior Resolutions) 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 (created and established by the Prior Resolutions);

(2) Prior Bonds Reserve Account (created and established by the Prior Resolutions);

(3) Depreciation Reserve (created and established by the Prior Resolutions);

(4) Rebate Fund; and

(5) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created and established with the Commission:

(1) Series 1994 Bonds Sinking Fund;

(a) Within the Series 1994 Bonds Sinking Fund, the Series 1994 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 the Prior Resolutions and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided herein and in the Prior Resolutions.

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

(2) The Issuer shall next, (i) on the first day of each month, transfer from the Revenue Fund and pay to the National Finance Office designated in the Prior Bonds the amounts required by the Prior Resolutions to pay principal of and interest on the Prior Bonds, (ii) simultaneously with the transfer set forth in subsection 5.03A(2)(i), on the first day of each month, commencing 4 months prior to the first date of payment of interest on the Series 1994 Bonds for which interest has not been capitalized or as required in the Loan Agreement, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1994 Bonds Sinking Fund, a sum equal to 1/3rd of the amount of interest which will become due on said Series 1994 Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1994 Bonds Sinking Fund and the next quarterly interest payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly interest payment date, the required amount of interest coming due on such date, and (iii) simultaneously with the transfers set forth in subsections 5.03A(2)(i) and (ii), on the first day of each month, commencing 4 months prior to the first date of payment of principal on the Series 1994 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1994 Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on said Series 1994 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 1994 Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, (i) on the first day of each month, transfer from the Revenue Fund and pay to the Depository Bank the amounts required by the Prior Resolutions to be deposited in the Prior Bonds Reserve Account, and (ii) simultaneously, with the transfer set forth in subsection 5.03A(3)(i), on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 1994 Bonds, if not fully funded upon issuance of the Series 1994 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1994 Bonds Reserve Account, an amount equal to 1/120 of the Series 1994 Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1994 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 1994 Bonds Reserve Requirement.

(4) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, transfer from the

Revenue Fund and deposit in the Depreciation Reserve, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Depreciation Reserve 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 the Prior Resolutions and Article VIII hereof. Withdrawals and disbursements may be made from the Depreciation Reserve for replacements, emergency repairs, improvements or extensions to the System and as permitted under the Prior Resolutions; provided, that any deficiencies in the Prior Bonds Reserve Account and the Series 1994 Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof] shall be promptly eliminated with moneys from the Depreciation Reserve.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Bonds on a parity basis and pro rata, or for any lawful purpose.

If on any monthly payment date the revenues of the System are insufficient to make the required deposits in any of the funds and accounts as hereinabove provided, the deficiency shall be made up on the next ensuing payment dates by payments in addition to the payments which are otherwise required to be made into the funds and accounts on such ensuing 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 Prior Resolutions, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

Moneys in the Series 1994 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1994 Bonds as the same shall become due. Moneys in the Series 1994 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1994 Bonds, as the same shall come due, when other moneys in the Series 1994 Bonds Sinking Fund are insufficient therefor, and for no other purpose, except for transfers to the Rebate Fund permitted hereunder.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 1994 Bonds Sinking Fund and the Series 1994 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 Bond Construction Trust Fund, and following completion of construction of the Project, shall be

deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments due on the Series 1994 Bonds, and then to the next ensuing principal payments due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 1994 Bonds Reserve Account which result in a reduction in the balance of the Series 1994 Bonds Reserve Account to below the Series 1994 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments of principal of and interest on the Prior Bonds and all required payments to the Prior Bonds Reserve Account and the Series 1994 Bonds Sinking Fund have been made in full.

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

The Issuer shall not be required to make any further payments into the Series 1994 Bonds Sinking Fund or into the Series 1994 Bonds Reserve Account therein when the aggregate amount of funds in said Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Series 1994 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal and interest payments, and any payments made for the purpose of funding a deficiency in any Reserve Account, shall be made on a parity basis and pro rata, with respect to the Prior Bonds and the Series 1994 Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1994 Bonds Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Moneys in the Series 1994 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

Except with respect to transfers to the Rebate Fund permitted hereunder, the Series 1994 Bonds Sinking Fund, including the Series 1994 Bonds Reserve Account therein, shall be used solely and only for, and are

hereby pledged for, the purpose of servicing the Series 1994 Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

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 its required interest, principal and reserve payments, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation and the Prior Resolutions. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Depository Bank's charges and the Paying Agent fees then due. The Issuer shall also remit from the Revenue Fund to the Authority, on such dates as the Authority shall require, the Issuer's allocable share of reasonable administrative expenses, if any, incurred by the Authority with respect to the SRF Program.

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

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

G. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following the Completion Date, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority be deposited otherwise.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1994 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1994 Bonds, there shall first be deposited with the Commission in the Series 1994 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 1994 Bonds for the period commencing on the date of issuance of the Series 1994 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1994 Bonds, there shall be deposited with the Commission in the Series 1994 Bonds Reserve Account, the sum, if any, set forth in the Supplemental Resolution for funding of the Series 1994 Bonds Reserve Account.

C. Next, from the proceeds of the Series 1994 Bonds, there shall first be credited to the Bond 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, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. The remaining advances of moneys derived from the sale of the Series 1994 Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Except with respect to any transfers to the Rebate Fund permitted hereunder, moneys in the Bond 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 1994 Bonds. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority and the DEP.

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Series 1994 Bonds will be

expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Unless the Authority and the DEP agree otherwise, payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement as Exhibit C, and

(2) 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 Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond 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 Bond 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 Bond Construction Trust Fund, including any accounts therein, 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 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds or the interest thereon is Outstanding and unpaid.

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect Bondholders, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.09 shall not be applied to the Grant Anticipation Notes or any line of credit evidenced by such Grant Anticipation Notes.

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Series 1994 Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1994 Bonds or Notes, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with respect to Prior Bonds. The payment of the debt service of the Series 1994 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 said Net Revenues in favor of the Holders of the Prior Bonds. The Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 1994 Bonds and to make the payments into the Series 1994 Bonds Sinking Fund, the Reserve Accounts, and all other payments provided for in the Bond Legislation and the Prior Resolutions, are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Prior Bonds and the Series 1994 Bonds as the same become due, and for the other purposes provided in the Bond Legislation and the Prior Resolutions.

Section 7.04. Initial Schedule of Rates and Charges. 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 Order of the Public Service Commission of West Virginia entered September 28, 1993 (Case No. 93-0591-PSD-CN), and such rates are hereby adopted.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, lease, mortgage, pledge, or otherwise encumber, or in any manner dispose of, or otherwise alienate, the System, or any part thereof, except as provided in the Prior Resolutions and with the written consent of the Authority and the DEP.

Additionally, so long as the Series 1994 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 Series 1994 Bonds, including the Prior Bonds, and the Notes, if any, Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof and, if entered into and not previously defeased, the Indenture in accordance with Section 8.01 thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1994 Bonds, immediately be remitted to the Commission for deposit in the Series 1994 Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Series 1994 Bonds. Any balance remaining after the payment of all the Series 1994 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. With respect to the Notes, such proceeds in an amount sufficient to pay the Notes in full shall be applied to the payment of the Notes, either at maturity or, if allowable under the Supplemental Resolution and/or the Indenture, prior thereto.

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 Depreciation Reserve. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other

dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the holders of the Prior Bonds and the Authority, be applied only to the purchase of the Prior Bonds and the Series 1994 Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Application of such proceeds as provided above shall not reduce the amounts required to be paid into the funds and accounts set forth in other provisions of this Bond Legislation and the Prior Resolutions. 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, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. 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, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to any or all of the Notes issued under the Indenture and/or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture (if an Indenture is used) and the Bond Legislation; and, so long as the Series 1994 Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from any or all of 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 1994 Bonds. All obligations issued by the Issuer after the issuance of the Series 1994 Bonds and payable from any or all of 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 1994 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Series 1994 Bonds Sinking Fund, the Reserve Accounts and the Depreciation Reserve 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 1994 Bonds, and the interest

thereon, upon any or all of the income and revenues of the System pledged for payment of the Series 1994 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority and the 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 for the Project, 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 Resolutions shall be applicable. In addition, no Parity Bonds, payable out of any or all of the revenues of the System, shall be issued after the issuance of the Series 1994 Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1994 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and improvements to the System or refunding the Series 1994 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 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, so long as any of the Prior Bonds are Outstanding, not be less than 150%, and thereafter, shall not be less than 115%, of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

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

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

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

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

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and 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.

The Issuer covenants that not later than one day following the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate acquisition or construction of such extensions or improvements, if any, to the System that are to be financed by such Parity Bonds.

The term "Parity Bonds" as used in this section shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section and the Prior Resolutions, payable from the Net Revenues of the System on a parity with the Bonds, and 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 and the Prior Resolutions. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System and their source of and security for payment from said Net 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.

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 revenues of the System is subject to

the prior and superior liens of the 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 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 Resolutions with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation and the Prior Resolutions, 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 and the Prior Resolutions.

The Issuer may issue additional Parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any series of the Bonds or portion thereof, provided that the annual debt service required on account of the refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded and the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds to be refunded were not so refunded.

Section 7.08. Books; Records and Facilities. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority 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 they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all records pertaining to the operation 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 or of a Note or Notes issued pursuant to this Bond Legislation and/or the Indenture or the Trustee 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 Consulting Engineers, the Trustee, the DEP and the Authority, or any other original purchaser of the Series 1994 Bonds, and shall mail in each year to any Holder or Holders of the Series 1994 Bonds or Notes, as the case may be, 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 Indenture with respect to said Bonds, the Prior Bonds or Notes, as the case may be, and the status of all said funds and accounts.

(C) The amount of the Prior Bonds, the 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 shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1994 Bonds or Notes, as the case may be, and shall submit said report to the Trustee, the DEP and the Authority, or any other original purchaser of the Series 1994 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 Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's operation and maintenance expenses and debt service requirements.

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 or as promulgated from time to time.

The Issuer shall permit the Authority or 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 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.

Section 7.09. Rates. 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 and under the Prior Resolutions. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 150% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds, so long as the Prior Bonds are Outstanding, and thereafter 115% of such amount; provided that, in the event that the Prior Bonds are no longer Outstanding and an amount equal to or in excess of the Series 1994 Bonds Reserve Requirement is on deposit in the Series 1994 Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with the Series 1994 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 on the Series 1994 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1994 Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget; Audit 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. 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 and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee, the DEP and the Authority and to any Holder of any Bonds or Notes, 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 Trustee, the DEP and the Authority and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

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

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

Section 7.11. Engineering Services and Operating Personnel. The Issuer shall provide and maintain competent and adequate resident 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 resident 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 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 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 agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) 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 25% 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, then 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. A. The Issuer hereby covenants and agrees that so long as the Series 1994 Bonds or any of the Notes 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 Depreciation Reserve and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein or in the Prior Resolutions. 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 System facilities are or will be located in designated special flood or mudslideprone 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 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. 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 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.

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 of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System in good condition and in compliance with all federal and state requirements and standards.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the West Virginia Public Service Commission necessary for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1994 Bonds are 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 Series 1994 Bonds during the term thereof is, under the terms of the Series 1994 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 Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1994 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1994 Bonds during the term thereof is, under the terms of the Series 1994 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 Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1994 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1994 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1994 Bonds or $5,000,000 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 Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1994 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1994 Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1994 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1994 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 1994 Bonds and such statutory mortgage lien shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP 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 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.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation or the Indenture, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Trustee, if any, 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, and the Indenture, if any, the need for such moneys for the purposes set forth herein and in the Indenture, if any, and the specific restrictions and provisions set forth in this Section 8.01 and in the Indenture.

Except as provided in the Indenture, if any, 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 except as otherwise provided herein with respect to the Series 1994 Bonds Rebate Fund. 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 Trustee, if any, 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 Trustee, if any, 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 Trustee, if any, and 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 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 1994 Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1994 Bonds which would cause the Series 1994 Bonds to be

"arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 1994 Bonds) so that the interest on the Series 1994 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 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 1994 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1994 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder or under the Indenture, if any, and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and 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, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of

independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 1994 Bonds from gross income for federal income tax purposes.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1994 Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

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

(1) If default occurs in the due and punctual payment of the principal of or interest on any Notes; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, 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 Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; or

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

B. Each of the following events shall constitute an "Event of Default" with respect to the Series 1994 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 1994 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 1994 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1994 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

(4) If default occurs pursuant to the events set forth in the Prior Resolutions.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, 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 Notes or Bonds, as the case may be, (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 Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1994 Bonds shall be on a parity with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond or Bond Anticipation Note or a Bond Anticipation Note evidencing a line of credit 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 or Bond Anticipation Notes or Bond Anticipation Note evidencing such line of credit 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 do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for Reserve, Sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this

Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Prior Bonds and 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 said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holder of the Series 1994 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1994 Bonds, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1994 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 on the Series 1994 Bonds from gross income for federal income tax purposes.

Series 1994 Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities 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 either at maturity or at the next redemption date, the principal installments of and interest on such Series 1994 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1994 Bonds shall, prior to the maturity thereof, 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 Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1994 Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1994 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of any series of Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture and/or the Supplemental Resolution pertaining to such Notes, then with respect to such Notes, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Notes from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. 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 Notes or the Series 1994 Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes or the Series 1994 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, 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 or Noteholder 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 on the Series 1994 Bonds and the Notes, if any, 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 1994 Bonds and Notes, 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, the Indenture, if any, the Series 1994 Bonds or the Notes, if any.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. All orders or resolutions, 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. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public 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 in each municipality in Cowen Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

(a) The respective maximum amounts of the Series 1994 Bonds and the Notes to be issued;

(b) The respective maximum interest rates and terms of the Series 1994 Bonds and the Notes 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 charged by the Issuer; and

(e) The date that the formal application for a Certificate of Public Convenience and Necessity is to be filed with the Public Service Commission of West Virginia.

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

Adopted this 4th day of April, 1994.

James L. Gamble

Chairman, Public Service Board

C. L. Henderson

Member, Public Service Board

Claud E. Greene

Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of COWEN PUBLIC SERVICE DISTRICT on the 4th day of April, 1994.

Dated: April 6, 1994.

[SEAL]

Virginia Fletcher
Secretary/Public Service Board

03/16/94
CWNC.A4
19304/93001

COWEN PUBLIC SERVICE DISTRICT

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1994
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 (WEST VIRGINIA SRF PROGRAM), OF COWEN PUBLIC SERVICE DISTRICT; RATIFYING AND APPROVING A LOAN AGREEMENT 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 Cowen Public Service District (the "Issuer"), has duly and officially adopted a bond and notes resolution, effective April 4, 1994 (the "Bond and Notes Resolution" or the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE FACILITIES OF COWEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $268,500 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1994 (WEST VIRGINIA SRF PROGRAM), AND NOT MORE THAN $250,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY

COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond and Notes Resolution provides for the issuance of Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), of the Issuer (the "Bonds" or the "Series 1994 Bonds"), in an aggregate principal amount not to exceed $268,500, and has authorized the execution and delivery of a loan agreement relating to the Bonds dated February 23, 1994 (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), all in accordance with Chapter 16, Article 13A and Chapter 20, Article 5I of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond and Notes Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, interest rate, interest and principal payment dates, sale price 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 Agreement has been presented to the Issuer at this meeting;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan

Agreement be approved and entered into by the Issuer, that the exact principal amount, the date, the maturity date, the interest rate, the interest and principal payment dates and the sale price 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 COWEN PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond and Notes Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Combined Waterworks and Sewerage System Revenue Bonds, Series 1994 (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of $268,500. The Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2014, and shall bear interest at the rate of 3% per annum. Both principal and interest on the Bonds are payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 1995. The Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Bonds, and shall be payable in installments of principal and interest in the amounts as set forth in "Schedule Y," attached thereto and to the Loan Agreement and incorporated therein by reference.

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

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

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "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 Issuer and the Registrar, in substantially the form attached hereto, 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 direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds.

Section 6. The Issuer does hereby appoint One Valley Bank of Summersville, Summersville, West Virginia, as Depository Bank under the Bond and Notes Resolution.

Section 7. Series 1994 Bonds proceeds in the amount of $-0- shall be deposited in the Series 1994 Bonds Sinking Fund as capitalized interest.

Section 8. Series 1994 Bonds proceeds in the amount of $-0- shall be deposited in the Series 1994 Bonds Reserve Account.

Section 9. The balance of the proceeds of the Bonds shall be deposited in the Bond Construction Trust Fund as received from time to time for payment of Costs of the Project, including, without limitation, costs of issuance of the Bonds.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond and Notes Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about April 6, 1994.

Section 11. 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 12. 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 and Notes Resolution held by the Depository Bank in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed by the Issuer. Moneys in the Series 1994 Bonds Sinking Fund, including the Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by 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 (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the

meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 4th day of April, 1994.

COWEN PUBLIC SERVICE DISTRICT

Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of COWEN PUBLIC SERVICE DISTRICT on the 4th day of April, 1994.

Dated: April 6, 1994.

[SEAL]

Virginia Fletcher
Secretary, Public Service Board

03/16/94
CWNC.H2
19304/93001

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COWEN PUBLIC SERVICE DISTRICT
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND,
SERIES 1994
(WEST VIRGINIA SRF PROGRAM)

No. R-1 $268,500

KNOW ALL MEN BY THESE PRESENTS: That COWEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Webster County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWO HUNDRED SIXTY-EIGHT THOUSAND FIVE HUNDRED DOLLARS ($268,500), 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, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit B.

The interest on such advances shall run from the Completion Date (as defined in the hereinafter described Bond Legislation), and such interest shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year. 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 interest on this Bond is 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest 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 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 by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated February 23, 1994.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the sewerage portion of the existing public combined waterworks and sewerage facilities 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 combined waterworks and 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 20, Article 5I of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond and Notes Resolution duly adopted by the Issuer on April 4, 1994, and a Supplemental Resolution duly adopted by the Issuer on April 4, 1994 (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 RESPECTS, WITH THE ISSUER'S COMBINED WATERWORKS AND SEWAGE SYSTEM REVENUE BOND, SERIES A, DATED JULY 1, 1968, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $260,000, AND THE ISSUER'S COMBINED WATER AND SEWER REVENUE BOND, SERIES 1978, DATED MAY 23, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $150,000 (COLLECTIVELY, 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 Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1994 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 hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1994 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 150% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds, so long as the Prior Bonds are outstanding, and thereafter, 115% of such amount; provided however, that when the Prior Bonds are no longer outstanding and so long as there exists in the Series 1994 Bonds Reserve Account

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

All provisions of the 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, COWEN PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated April 6, 1994.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1994 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: April 6, 1994.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Cowen PSD
Bond issue, Series 1994

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
12/01/1994	-	-	-	-
3/01/1995	2,462.00	3.00000%	2,013.75	4,475.75
6/01/1995	2,480.00	3.00000%	1,995.29	4,475.29
9/01/1995	2,499.00	3.00000%	1,976.69	4,475.69
12/01/1995	2,517.00	3.00000%	1,957.94	4,474.94
3/01/1996	2,536.00	3.00000%	1,939.07	4,475.07
6/01/1996	2,555.00	3.00000%	1,920.05	4,475.05
9/01/1996	2,575.00	3.00000%	1,900.88	4,475.88
12/01/1996	2,594.00	3.00000%	1,881.57	4,475.57
3/01/1997	2,613.00	3.00000%	1,862.12	4,475.12
6/01/1997	2,633.00	3.00000%	1,842.52	4,475.52
9/01/1997	2,653.00	3.00000%	1,822.77	4,475.77
12/01/1997	2,673.00	3.00000%	1,802.87	4,475.87
3/01/1998	2,693.00	3.00000%	1,782.83	4,475.83
6/01/1998	2,713.00	3.00000%	1,762.63	4,475.63
9/01/1998	2,733.00	3.00000%	1,742.28	4,475.28
12/01/1998	2,754.00	3.00000%	1,721.78	4,475.78
3/01/1999	2,774.00	3.00000%	1,701.13	4,475.13
6/01/1999	2,795.00	3.00000%	1,680.32	4,475.32
9/01/1999	2,816.00	3.00000%	1,659.36	4,475.36
12/01/1999	2,837.00	3.00000%	1,638.24	4,475.24
3/01/2000	2,858.00	3.00000%	1,616.96	4,474.96
6/01/2000	2,880.00	3.00000%	1,595.53	4,475.53
9/01/2000	2,901.00	3.00000%	1,573.93	4,474.93
12/01/2000	2,923.00	3.00000%	1,552.17	4,475.17
3/01/2001	2,945.00	3.00000%	1,530.25	4,475.25
6/01/2001	2,967.00	3.00000%	1,508.16	4,475.16
9/01/2001	2,990.00	3.00000%	1,485.91	4,475.91
12/01/2001	3,012.00	3.00000%	1,463.48	4,475.48
3/01/2002	3,035.00	3.00000%	1,440.89	4,475.89
6/01/2002	3,057.00	3.00000%	1,418.13	4,475.13
9/01/2002	3,080.00	3.00000%	1,395.20	4,475.20
12/01/2002	3,103.00	3.00000%	1,372.10	4,475.10
3/01/2003	3,127.00	3.00000%	1,348.83	4,475.83
6/01/2003	3,150.00	3.00000%	1,325.38	4,475.38
9/01/2003	3,174.00	3.00000%	1,301.75	4,475.75
12/01/2003	3,197.00	3.00000%	1,277.95	4,474.95
3/01/2004	3,221.00	3.00000%	1,253.97	4,474.97
6/01/2004	3,246.00	3.00000%	1,229.81	4,475.81
9/01/2004	3,270.00	3.00000%	1,205.47	4,475.47
12/01/2004	3,294.00	3.00000%	1,180.94	4,474.94
3/01/2005	3,319.00	3.00000%	1,156.24	4,475.24
6/01/2005	3,344.00	3.00000%	1,131.35	4,475.35
9/01/2005	3,369.00	3.00000%	1,106.27	4,475.27
12/01/2005	3,394.00	3.00000%	1,081.00	4,475.00
3/01/2006	3,420.00	3.00000%	1,055.54	4,475.54
6/01/2006	3,446.00	3.00000%	1,029.89	4,475.89
9/01/2006	3,471.00	3.00000%	1,004.05	4,475.05
12/01/2006	3,497.00	3.00000%	978.02	4,475.02
3/01/2007	3,524.00	3.00000%	951.79	4,475.79
6/01/2007	3,550.00	3.00000%	925.36	4,475.36

Cowen PSD
Bond issue, Series 1994

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
9/01/2007	3,577.00	3.00000%	898.73	4,475.73
12/01/2007	3,604.00	3.00000%	871.91	4,475.91
3/01/2008	3,631.00	3.00000%	844.88	4,475.88
6/01/2008	3,658.00	3.00000%	817.64	4,475.64
9/01/2008	3,685.00	3.00000%	790.21	4,475.21
12/01/2008	3,713.00	3.00000%	762.57	4,475.57
3/01/2009	3,741.00	3.00000%	734.72	4,475.72
6/01/2009	3,769.00	3.00000%	706.67	4,475.67
9/01/2009	3,797.00	3.00000%	678.40	4,475.40
12/01/2009	3,826.00	3.00000%	649.92	4,475.92
3/01/2010	3,854.00	3.00000%	621.23	4,475.23
6/01/2010	3,883.00	3.00000%	592.32	4,475.32
9/01/2010	3,912.00	3.00000%	563.20	4,475.20
12/01/2010	3,942.00	3.00000%	533.86	4,475.86
3/01/2011	3,971.00	3.00000%	504.29	4,475.29
6/01/2011	4,001.00	3.00000%	474.51	4,475.51
9/01/2011	4,031.00	3.00000%	444.50	4,475.50
12/01/2011	4,061.00	3.00000%	414.27	4,475.27
3/01/2012	4,092.00	3.00000%	383.81	4,475.81
6/01/2012	4,122.00	3.00000%	353.12	4,475.12
9/01/2012	4,153.00	3.00000%	322.21	4,475.21
12/01/2012	4,184.00	3.00000%	291.06	4,475.06
3/01/2013	4,216.00	3.00000%	259.68	4,475.68
6/01/2013	4,247.00	3.00000%	228.06	4,475.06
9/01/2013	4,279.00	3.00000%	196.21	4,475.21
12/01/2013	4,311.00	3.00000%	164.12	4,475.12
3/01/2014	4,344.00	3.00000%	131.78	4,475.78
6/01/2014	4,376.00	3.00000%	99.20	4,475.20
9/01/2014	4,409.00	3.00000%	66.38	4,475.38
12/01/2014	4,442.00	3.00000%	33.32	4,475.32
TOTAL	268,500.00	-	89,533.19	358,033.19

YIELD STATISTICS

Accrued Interest from 12/01/1994 to 12/01/1994...	-
Average Life.....	11.115 YEARS
Bond Years.....	2,984.44
Average Coupon.....	3.0000000%
Net Interest Cost (NIC).....	3.0000000%
Bond Yield for Arbitrage Purposes.....	3.0112521%
True Interest Cost (TIC).....	3.0112500%
Effective Interest Cost (EIC).....	3.0112521%

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:

_____

COWEN PUBLIC SERVICE DISTRICT

$150,000 Combined Water and Sewer Revenue Bond,
Series 1978

BOND RESOLUTION

Table of Contents

Subject		Page
ARTICLE I - STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01.	Authority for this Resolution	1
Section 1.02.	Findings and Determinations	1
Section 1.03.	Resolution to Constitute Contract	3
Section 1.04.	Definitions	3
ARTICLE II - AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND		
Section 2.01.	Authorization of Bond	6
Section 2.02.	Description of Bond	6
Section 2.03.	Execution of Bond	6
Section 2.04.	Bond Mutilated, Destroyed, Stolen or Lost	6
Section 2.05.	Bond Secured by Pledge of Revenues	7
Section 2.06.	Form of Bond	7
FORM OF BOND		8
RECORD OF ADVANCES		12
ARTICLE III - BOND PROCEEDS; REVENUES AND APPLICATION THEREOF		
Section 3.01.	Bond Proceeds	13
Section 3.02.	Covenants of the District as to Revenues and Funds	13
ARTICLE IV - GENERAL COVENANTS		
Section 4.01.	General Statement	18
Section 4.02.	Rates	18
Section 4.03.	Sale of the System	18
Section 4.04.	Issuance of Additional Parity Bonds	18
Section 4.05.	Insurance and Bonds	18
Section 4.06.	Statutory Mortgage	20
Section 4.07.	Events of Default	20
Section 4.08.	Enforcement	20
Section 4.09.	Fiscal Year; Budget	21
Section 4.10.	Compensation of Board Members	22
Section 4.11.	Covenant to Proceed and Complete	22
Section 4.12.	Books and Records	22
Section 4.13.	Maintenance of System	22
Section 4.14.	No Competition	23
Section 4.15.	Concerning Arbitrage	23

ARTICLE V - RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules 24

ARTICLE VI - MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code 24
Section 6.02. Delivery of Bond No. 1 24
Section 6.03. Defeasance 24
Section 6.04. Severability of Invalid Provision 25
Section 6.05. Conflicting Provisions Repealed 25
Section 6.06. Table of Contents and Headings 25
Section 6.07. Effective Time 25

COWEN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $150,000 COMBINED WATER REVENUE BOND, SERIES 1978, OF COWEN PUBLIC SERVICE DISTRICT ON A PARITY WITH THE SERIES A BOND TO FINANCE PART OF THE COSTS OF ACQUISITION AND CONSTRUCTION OF A NEW COMBINED WATERWORKS AND SEWERAGE SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND FOR A STATUTORY MORTGAGE LIEN; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF COWEN PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code and other applicable provisions of law. Cowen Public Service District (the "District") is a public service district created pursuant to said Article 13A by the County Commission of Webster County.

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

(A) The District now has a combined waterworks and sewerage system, pursuant to resolution authorizing Series A Bond.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the District, and, accordingly, it is hereby ordered, that payment in full for the System be accomplished by issuance of the Bond.

(C) It is necessary for the District to issue its revenue bond in the principal amount of $150,000 to complete payment for the System in the manner hereinafter provided.

(D) The period of usefulness of the System is not less than forty years.

(E) There is outstanding the obligation of the District which will rank on a parity with the Bond as to liens and source of and security for payment, as follows:

The combined waterworks and sewerage system revenue bond, Series A, dated June 29, 1968, issued in the original principal amount of $260,000, bearing interest at the rate of 4.125% per annum (the "Series A Bond").

The Bond and the Series A Bond will be on a parity in all respects with each other.

(F) The Government is expected by the Board to purchase the entire principal amount of the Bond.

(G) The Bond is needed to provide moneys to pay two judgments against the District arising out of and constituting costs of construction of the existing combined Waterworks and Sewerage System which was constructed with the proceeds of the Series A Bond and grant funds. The judgments are:

(1) A judgment rendered in the Circuit Court of Webster County, West Virginia, dated the 6th day of March, 1974, in the case of Stout Construction Company, et al., vs. Cowen Public Service District, et al., which was rendered in the amount of $60,000 plus costs and interest at the rate of 7-1/2%; and

(2) A judgment rendered in the Circuit Court of Webster County, West Virginia, dated the 12th day of February, 1972, in the case of The National Bank of Summers of Hinton vs. Cowen Public Service District, et al., which was rendered in the amount of $46,448.50, plus costs and interest at the rate of 7%.

(H) The District has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so

complied prior to issuance of the Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Government, this Resolution shall be deemed to be and shall constitute a contract between the District and such Bondholder, and the covenants and agreements set forth in this Resolution to be performed by the District shall be for the benefit, protection and security of the Government as holder of the Bond.

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

"Act" means Article 13A, Chapter 16 of the West Virginia Code.

"Board" means the Public Service Board of the District, the governing body of the District under the Act.

"Bond" means the $150,000 Combined Water and Sewer Revenue Bond, Series 1978, originally authorized to be issued pursuant to this Resolution.

"Bonds" means the Bond and the Series A Bond.

"Chairman" means the Chairman of the Board.

"District" means Cowen Public Service District of Webster County, West Virginia, and, where appropriate, also means the Public Service Board thereof.

"Facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by any additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

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

"Government" means United States Department of Agriculture, Farmers Home Administration and any successor thereof.

"Herein" means in this Resolution.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of any outstanding Bond registered to bearer or not registered, or the registered owner of any outstanding Bond which shall at the time be registered other than to the bearer.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the District relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Original Purchaser" means the purchaser, directly from the District, of the Bond.

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

"Secretary" means the Secretary of the Board.

"Series A Bond" shall have the meaning provided in Section 1.02(E).

"System" means the combined waterworks and sewerage system of the District, including all water and sewerage facilities owned by the District and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the System; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the System.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of this Resolution, the Bond of the District, to be known as "Combined Water and Sewer Revenue Bond, Series 1978," is hereby authorized to be issued in the aggregate principal amount of not exceeding One Hundred Fifty Thousand Dollars ($150,000) for the purpose of completing the financing of the System.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

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

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the District by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.04. Bond Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the District may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the District proof of his ownership thereof and complying with such other reasonable regulations and conditions as the District may require. The Bond so surrendered shall be canceled and held for the account of the District. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the District may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the net revenues derived from the System on a parity with the Series A Bond, in addition to the statutory mortgage lien on the System hereinafter provided for. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 2.06. Form of Bond. Subject to the provisions of this Resolution, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted by this Resolution or any subsequent resolution adopted prior to the issuance thereof:

(Form of Bond)

COMBINED WATER AND SEWER REVENUE BOND, SERIES 1978

COWEN PUBLIC SERVICE DISTRICT

$150,000

No.

Date: _____

FOR VALUE RECEIVED, COWEN PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of One Hundred Fifty Thousand Dollars ($150,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of principal and interest on the first day of each month after the date hereof in the sum of $725, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt

evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

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

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

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

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity in all respects with the Series A Bond described in said Resolution.

COWEN PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

(Post Office Box No. or Street Address)

Cowen, West Virginia 26206
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $		(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	

TOTAL _____

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)

ARTICLE III

BOND PROCEEDS; REVENUES AND APPLICATION THEREOF

Section 3.01. Bond Proceeds. All moneys received from the sale of the Bond shall be deposited on receipt by the District in Farmers & Merchants Bank of Summersville, West Virginia, a member of Federal Deposit Insurance Corporation (herein called "FDIC"), in a special account hereby created and designated as "Cowen Public Service District Judgment Account" (the "Judgment Account"). The moneys in the Judgment Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Judgment Account shall be expended by the District solely as follows:

All such moneys shall be used immediately to pay the aforesaid two judgments described in Section 1.02(G) above and the interest due thereon in return for written release and satisfaction of each judgment, which releases shall be duly recorded to clear said judgments of record.

Upon payment and satisfaction of said two judgments as aforesaid, the moneys remaining in the Judgment Account shall be used to pay the costs of the issuance of the Bond, including legal fees and charges and all other proper costs and charges therefor, and any balance remaining in the Judgment Account shall then be disposed of in accordance with the regulations of the Government.

Section 3.02. Covenants of the District as to Revenues and Funds. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon, the District further covenants with the holder of the Bonds as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, shall be deposited as collected by the District in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund" is hereby established with said Bank. 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 only for the purposes and in the manner provided in this Resolution.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The District shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(2) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond the amounts required to pay the interest on the Bonds and to amortize the principal of the Bonds over the lives of both Bond issues.

(3) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with said Bank in the Reserve Account hereby established with said Bank, the sum of $192 until the sum of $23,000 is on deposit therein, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Account, the District shall monthly deposit into the Reserve Account such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bonds and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Account. Moneys in the Reserve Account shall be used solely to make up any deficiency for monthly

installments required to be paid on the Bonds as the same shall become due or for prepayment of installments or for mandatory prepayment of the Bonds as hereinafter provided, and for no other purpose.

(4) The District shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve hereby established with said Bank the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of $60,000 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of installments on the Bonds as the same become due, and next to restore to the Reserve Account any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the District and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

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

Whenever the moneys in the Reserve Account shall be sufficient to prepay the Bonds in full, it shall be the mandatory duty of the District, anything to the contrary in this resolution notwithstanding, to prepay the Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The said Bank (and any successor appointed by the District) is hereby designated as the Fiscal Agent for the administration of the Reserve Account and the Depreciation Reserve as herein provided, and all amounts required therefor will be deposited by the District upon

transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Government shall have a lien thereon for further securing payment of the Bonds and the interest thereon. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia. The Bank shall not be a trustee as to such funds.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Fiscal Agent shall keep the moneys in the Reserve Account and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

(C) Users. The District shall, prior to delivery of the Bond, certify to the Government the numbers of water and sewer customers connected with the System.

(D) Upon delivery of the Bond, the District will close the Bond Fund established by the Resolution which authorized the Series A Bond (the "Series A Resolution") and will remit all moneys therein to the National Finance Office named in the Bond for payment on the Series A Bond. Each month the District shall remit the moneys formerly deposited in the Bond Fund directly to said National Finance Office.

The Operation and Maintenance Fund established by the Series A Resolution shall be closed and moneys therein transferred to and deposited in the Revenue Fund hereby established.

The Reserve Fund established by the Series A Resolution shall be closed and moneys therein transferred to and deposited in the Reserve Account hereby established.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account a sum sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the District and the Bondholder.

Section 4.02. Rates. The District will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the average annual debt service on the Bonds and to make the payments required herein into the Reserve Account and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Government so long as the Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity Bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant to this Resolution except with the prior written consent of the Government.

Section 4.05. Insurance and Bonds. The District hereby covenants and agrees that, so long as the Bond remains outstanding, it will, as an

expense of operation and maintenance of the System, procure, carry and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured at once if not now in effect, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the District will promtply arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion.

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons, or injured or killed in one accident to protect the District from claims for bodily injury and/or death, and not less than $200,000 from claims for damage to property of others which may arise from the District's operation of the System.

(c) Vehicular Public Liability Insurance, in the event the District owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the District is operated for the benefit of the District, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the District from claims for bodily injury and/or death, and not less than $200,000 from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle.

(d) Workmen's Compensation Coverage for all Employees of the District Eligible Therefor.

(e) Fidelity Bonds will be provided as to every member of the Board and as to every officer and employee thereof having custody of the

Revenue Fund or of any revenues or other funds of the District in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $10,000 upon the treasurer.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, and so long as the Bonds are outstanding, the District will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the District, of such types and in such amounts as the Government may specify, with insurance carriers or bonding companies acceptable to the Government.

Section 4.06. Statutory Mortgage. For the further protection of the holder of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond for the benefit of the Bond on a parity with the Series A Bond.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment on the Bond at the date specified for payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the District contained in the Bonds or in this Resolution, or violation of or failure to observe any provision of any pertinent law.

Section 4.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Government may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Government, such court may, upon proof of such default, appoint a receiver for the affairs of the District and the System. The Receiver so appointed shall administer the System on behalf of the District, shall exercise all the rights and powers of the District with respect to its System and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.09. Fiscal Year; Budget. While the Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the District agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Board. Copies of each Annual Budget shall be delivered to the Government by the beginning of each fiscal year.

If for any reason the District shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the District. Each such Budget of Current Expenses shall be mailed immediately to the Government.

Section 4.10. Compensation of Board Members. The District hereby covenants and agrees that no compensation for policy direction shall be paid to the members of its Board in excess of the amount permitted by the Act. Payment of any compensation to any member of the Board for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision of this resolution.

Section 4.11. Covenant to Proceed and Complete. The District hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary of the Board on the date of adoption of this resolution, subject to permitted changes.

Section 4.12. 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 Government shall have the right at all reasonable times to inspect the System and all records, accounts and data of the District relating thereto.

The District shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Government.

Section 4.13. Maintenance of System. The District covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bonds are outstanding.

Section 4.14. No Competition. The District will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to, or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the District or within the territory served by the System.

Section 4.15. Concerning Arbitrage. The proceeds of sale of the Bond will not be invested in such a way as to violate the operating rules in the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. A. The schedule of rates and charges for the services and facilities of the System initially shall be those established by the Public Service Commission of West Virginia by its order in Case No. 6584 entered June 14, 1968, for the water facilities and its order entered June 11, 1968, in Case No. 6585 for the sewer facilities.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the District shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such a Financing Statement in the offices of the Secretary of State of the State of West Virginia and of the Clerk of the County Commission of said County.

Section 6.02. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Board are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Government pursuant to agreement, to be delivered to the Government as soon as the Government will accept such delivery.

Section 6.03. Defeasance. This Resolution and the covenants herein may be defeased only upon prior written consent of the Government or by payment in full of the Bonds, acceptance of and payment by the Government and cancellation of the Bonds.

Section 6.04. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this Resolution should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of all the other provisions of this Resolution or the Bond.

Section 6.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflicts, hereby repealed, including the Series A Resolution but excluding the Form FmHA 442-47 Loan Resolution (Public Bodies) adopted by the District.

Section 6.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.07. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted May 23, 1980.

James V Ray
Chairman of Public Service Board

James Sheffield
Member

Member

SPECIMEN

COMBINED WATER AND SEWER REVENUE BOND, SERIES 1978

COWEN PUBLIC SERVICE DISTRICT

$150,000

No. 1

Date: May 23, 1980

FOR VALUE RECEIVED, COWEN PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of One Hundred Fifty Thousand Dollars ($150,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of principal and interest on the first day of each month after the date hereof in the sum of $725, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt

evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

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

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

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

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity in all respects with the Series A Bond described in said Resolution.

COWEN PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

(Post Office Box No. or Street Address)

Cowen, West Virginia 26206
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $		(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	

TOTAL _____

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)