NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds
Series 2000 C (West Virginia Water Development Authority) and
Series 2000 D (West Virginia DWTRF Program)

Date of Closing: September 21, 2000

BOND TRANSCRIPT

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NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 C (West Virginia Water Development Authority) and
Series 2000 D (West Virginia DWTRF Program)

BOND TRANSCRIPT

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NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 C (West Virginia Water Development Authority) and
Series 2000 D (West Virginia DWTRF Program)

CERTIFICATE OF FILING OF
FINANCING STATEMENT - SECRETARY OF STATE

I, KEN HECHLER, Secretary of State of the State of West Virginia, hereby certify that on September 21, 2000, at the hour set forth below, there was filed in my office:

(1) A FINANCING STATEMENT between New Haven Public Service District, as debtor, and West Virginia Water Development Authority, as secured party, filed at the hour of 4:17 P .m. as Financing Statement No. 547861 .

[SEAL]

Secretary of State of the State of West Virginia

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NEW HAVEN PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS,
SERIES 2000 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND
SERIES 2000 D
(WEST VIRGINIA DWTRF PROGRAM)

BOND RESOLUTION

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NEW HAVEN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF NEW HAVEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,605,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), AND NOT MORE THAN $767,354 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 D (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 NEW HAVEN PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A, Chapter 16, Article 13C, and Chapter 22C, Article 1, 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. New Haven Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Fayette County of said State.

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

C. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than $2,372,354 in two series being the Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority) in the aggregate principal amount of not more than $1,605,000 (the "Series 2000 C Bonds"), and the Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program) in the aggregate principal amount of not more than $767,354 (the "Series 2000 D Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, 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 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

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

F. There are outstanding bonds or obligations of the Issuer which will rank on a parity with the Series 2000 C Bonds and the Series 2000 D Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated March 2, 2000, issued in the original aggregate principal amount of $1,241,000 (the "Series 2000 A Bonds") and the Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated March 2, 2000, issued in the original aggregate principal amount of $9,004,675 (the "Series 2000 B Bonds") (collectively, the "Prior Bonds"). Prior to the issuance of the Series 2000 C Bonds and the Series 2000 D Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the 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 2000 C Bonds and the Series 2000 D 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.

G. The Issuer will receive all of its revenues under and pursuant to an Agreement, dated November 27, 1996, as amended (the "Agreement"), by and between the Issuer and West Virginia-American Water Company (the "Company"), which Agreement has been approved by the Public Service Commission of West Virginia. The revenues to be paid by the Company to the Issuer under the Agreement will be sufficient to pay all costs of operation and maintenance of the System, to pay the principal of and interest, if any, on the Series 2000 C Bonds and the Series 2000 D Bonds, and to make payments into all funds and accounts and other payments provided for herein.

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

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and

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

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

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

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

"Act" means, collectively, Chapter 16, Article 13A, Chapter 16, Article 13C, and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Administrative Fee" means the Administrative Fee required to be paid pursuant to the Loan Agreement for the Series 2000 C Bonds and the Series 2000 D Bonds.

"Agreement" means initially, the Agreement, dated November 27, 1996, by and between the Issuer and the Company, as it may be amended from time to time, or any subsequent replacement or renewal Agreement, as approved by the Public Service Commission of West Virginia.

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

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

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

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

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

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

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2000 C Bonds and the Series 2000 D Bonds for all or a portion of the proceeds of the Series 2000 C Bonds and the Series 2000 D Bonds, respectively, 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.

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

"Consulting Engineers" means Stafford Consultants, 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.

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

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

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

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

"Grants" means all moneys received by the Issuer on account of any Grant for the Project, including but not limited to, the Army Corps of Engineers Grant.

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

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

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

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

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

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

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

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

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

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

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

"Paying Agent" means the Commission or other entity designated as such for the Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 2000 A Bonds and the Series 2000 B Bonds.

"Prior Resolution" means the resolution of the Issuer adopted on February 22, 2000, as supplemented by the supplemental resolution of the Issuer adopted March 2, 2000, authorizing the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

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

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

(a) Government Obligations;

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

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import

Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2000 C Bonds, the Series 2000 D Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds, the Series 2000 C Bonds and the Series 2000 D Bonds.

"Revenue Fund" means the Revenue Fund created by the Prior Resolution and continued hereby.

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

"Series 2000 C Bonds" means the Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority) of the Issuer, authorized by this Resolution.

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

"Series 2000 C Bonds Reserve Account" means the Series 2000 C Bonds Reserve Account established in the Series 2000 C Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2000 C Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2000 C Bonds in the then current or any succeeding year.

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

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

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

"Series 2000 D Bonds Reserve Account" means the Series 2000 D Bonds Reserve Account established in the Series 2000 D Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2000 D Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2000 D Bonds in the then current or any succeeding year.

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

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2000 C Bonds, the Series 2000 D Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2000 C Bonds and the Series 2000 D Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2000 C Bonds and the Series 2000 D Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2000 C Bonds and the Series 2000 D Bonds or any other obligations of the Issuer, including, without limitation, any Sinking Fund or Reserve Account which may hereafter be established.

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

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

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

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 $4,249,580, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2000 C Bonds and the Series 2000 D Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the BPH.

The cost of the Project is estimated to be $4,249,580, of which approximately $1,605,000 will be obtained from proceeds of the Series 2000 C Bonds, approximately $767,354 will be obtained from proceeds of the Series 2000 D Bonds and approximately $1,877,226 will be obtained from a grant by the Army Corps of Engineers.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2000 C Bonds and the Series 2000 D Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2000 C Bonds and the Series 2000 D 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 Series 2000 C Bonds and the Series 2000 D Bonds of the Issuer. The Bonds shall be issued in two series, each as a single bond, designated respectively as "Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority)," in the principal amount of not more than $1,605,000, and "Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program)," in the principal amount of not more than $767,354, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 C Bonds and the Series 2000 D Bonds remaining after capitalizing interest on the Series 2000 C Bonds and the Series 2000 D Bonds, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2000 C Bonds and the Series 2000 D 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 on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2000 C Bonds and the Series 2000 D Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2000 C Bonds and the Series 2000 D Bonds, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

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

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

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

Section 3.03. Execution of Bonds. The Series 2000 C Bonds and the Series 2000 D Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2000 C Bonds and the Series 2000 D Bonds shall cease to be such officer of the Issuer before the Series 2000 C Bonds and the Series 2000 D 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 such 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. Bond Registrar; Authentication and Registration. The Bond Registrar with respect to the Series 2000 C Bonds and the Series 2000 D Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2000 C Bond nor Series 2000 D Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2000 C Bond and the Series 2000 D 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 Series 2000 C Bonds and the Series 2000 D Bonds issued hereunder.

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

conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

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

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2000 C Bond or Series 2000 D 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 2000 C Bonds and the Series 2000 D Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2000 C Bonds and the Series 2000 D Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 C Bonds and the Series 2000 D Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2000 C Bonds and the Series 2000 D 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 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 Prior Bonds, the Series 2000 C Bonds and the Series 2000 D Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

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

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

(ii) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2000 C Bonds and the Series 2000 D Bonds to the original purchasers;

(iii) An executed and certified copy of the Bond Legislation;

(iv) An executed copy of the Loan Agreement;

(v) A copy of the Agreement;

(vi) A copy of the Letter of Credit; and

(vii) The unqualified approving opinion of bond counsel on the Series 2000 C Bonds and the Series 2000 D Bonds.

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

(FORM OF SERIES 2000 C BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW HAVEN PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2000 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. CR-1

$_____

KNOW ALL MEN BY THESE PRESENTS: That NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette 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 ($_____), in annual installments on _____ 1 of each year, commencing _____1, _____, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A. The Administrative Fee (as defined in the hereafter described Bond Legislation) on this Bond shall be payable semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, _____, as set forth on Exhibit A attached hereto.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, ____, as set forth on Exhibit A 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 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 between the Issuer and the Authority, dated _____, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (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; and (iii) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2000, and a Supplemental Resolution duly adopted by the Issuer on _____, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 2, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,241,000 (THE "SERIES 2000 A BONDS"); (2) WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 2, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,004,675 (THE "SERIES 2000 B BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2000 D (WEST VIRGINIA DWTRF PROGRAM), DATED SEPTEMBER 21, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $767,354 (THE "SERIES 2000 D BONDS").

THE SERIES 2000 A BONDS AND THE SERIES 2000 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 D Bonds and the Prior Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory

provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation and as long as the Agreement (as defined in the Bond Legislation) is in place, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 100% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 D Bonds and the Prior Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2000 C Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form

and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of 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, NEW HAVEN PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2000.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION
as Registrar

_____
Authorized Officer

EXHIBIT A

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 2000 D BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW HAVEN PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2000 D
(WEST VIRGINIA DWTRF PROGRAM)

No. DR-1

$_____

KNOW ALL MEN BY THESE PRESENTS: That NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, as set forth on EXHIBIT B attached hereto.

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

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this

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

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 2, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,241,000 (THE "SERIES 2000 A BONDS"); (2) WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 2, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,004,675 (THE "SERIES 2000 B BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2000 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 21, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,605,000 (THE "SERIES 2000 C BONDS").

THE SERIES 2000 A BONDS AND THE SERIES 2000 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 C Bonds and the Prior Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation and as long as the Agreement (as defined in the Bond Legislation) is in place, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of

the System, and to leave a balance each year equal to at least 100% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 C Bonds and the Prior Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2000 D Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2000.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2000 C Bonds and the Series 2000 D Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreements. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreements, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the BPH a schedule, the forms of which will be provided by the BPH and the Authority, 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 Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $2,000,000. 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 Bonds or the Grants, the Surplus Revenues and the letter of credit proceeds (if issued in the form of grant anticipation notes) and from other sources described in the Indenture and/or 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 of the Issuer, if any, 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 $500,000 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 hereby created with (or continued if previously established by the Prior Resolution) 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 Resolution);

(2) Series 2000 C Bonds Construction Trust Fund; and

(3) Series 2000 D Bonds Construction Trust Fund.

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

(1) Series 2000 A Bonds Sinking Fund (established by the Prior Resolution);

(2) Series 2000 A Bonds Reserve Account (established by the Prior Resolution);

(3) Series 2000 B Bonds Sinking Fund (established by the Prior Resolution);

(4) Series 2000 B Reserve Account (established by the Prior Resolution);

(5) Series 2000 C Bonds Sinking Fund;

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

(7) Series 2000 D Bonds Sinking Fund; and

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

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, commencing 7 months prior to the first date of payment of interest on the Series 2000 C Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2000 C Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2000 C Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 C Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next semiannual 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 simultaneously remit to the Commission (i) for deposit in the Series 2000 A Bonds Sinking Fund, the amount required by the Prior Resolution for payment of the principal of the Series 2000 A Bonds; (ii) for deposit in the Series 2000 B Bonds Sinking Fund, the amount required by the Prior Resolution for payment of the principal of the Series 2000 B Bonds; (iii) commencing 13 months prior to the first date of payment of principal of the Series 2000 C Bonds, for deposit in the Series 2000 C Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2000 C Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 C Bonds Sinking Fund and the next annual principal payment date

is less than 13 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date; and (iv) commencing 3 months prior to the first date of payment of principal of the Series 2000 D Bonds, for deposit in the Series 2000 D Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2000 D Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 D Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Series 2000 C Bonds Reserve Account and the Series 2000 D Bonds Reserve Account shall be funded with the Letter of Credit. In the event the Letter of Credit is terminated or reduced, the Issuer shall be required to fund the Series 2000 C Bonds Reserve Account and the Series 2000 D Bonds Reserve Account in the amounts required under the Loan Agreement, unless such requirement is waived by the Authority and the BPH.

(5) So long as the Letter of Credit is in place, no Renewal and Replacement Fund shall be required for the Series 2000 C Bonds and the Series 2000 D Bonds. In the event the Letter of Credit is terminated or reduced, the Issuer shall be required to establish a Renewal and Replacement Fund in the amounts required under the Loan Agreement, unless such requirement is waived by the Authority and the BPH.

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

Moneys in the Series 2000 C Bonds Sinking Fund and the Series 2000 D Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2000 C Bonds and the Series 2000 D Bonds, respectively, as the same shall become due. Moneys in the Series 2000 C Bonds Reserve Account and the Series 2000 D Bonds Reserve Account shall be used only for the purpose of paying principal of and interest,

if any, on the Series 2000 C Bonds and the Series 2000 D Bonds, respectively, as the same shall come due, when other moneys in the Series 2000 C Bonds Sinking Fund and the Series 2000 D Bonds Sinking Fund are insufficient therefor, and for no other purpose.

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

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

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

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2000 C Bonds and the Series 2000 D Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2000 C Bonds Sinking Fund, the Series 2000 C Bonds Reserve Account, the Series 2000 D Bonds Sinking Fund and the Series 2000 D Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2000 C Bonds Sinking Fund, the Series 2000 C Bonds Reserve Account, the Series 2000 D Bonds Sinking Fund and the Series 2000 D Bonds

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

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

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2000 C Bonds and the Series 2000 D 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 respective Loan Agreements for the Series 2000 C Bonds and the Series 2000 D Bonds.

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

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

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

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

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

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

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

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

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

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholders with respect to the respective Bond Construction Trust Funds and shall comply with all requirements with respect to the disposition of such funds set forth in the Bond Legislation.

F. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series

2000 C Bonds shall be applied as directed by the Authority and any remaining proceeds of the Series 2000 D Bonds shall be applied as directed by the BPH.

Section 6.02. Disbursements From the Bond Construction Trust Funds. A. Except as provided in Section 6.01 hereof, disbursements from the Series 2000 C Bonds Construction Trust Fund shall be made only after submission to the Depository Bank, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Series 2000 C Bonds Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Series 2000 C Bonds Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from such funds. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

The Issuer shall expend all proceeds of the Series 2000 C Bonds within 3 years of the date of issuance of the Authority's Bonds, the proceeds of which were used to make the loan of the Issuer.

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

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement as

Exhibit B, in compliance with the Issuer's construction schedule, and

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

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

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

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

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

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

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2000 C Bonds and the Series 2000 D 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 2000 C Bonds and the Series 2000 D Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 C Bonds and the Series 2000 D Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2000 C Bonds and the Series 2000 D 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 the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2000 C Bonds and the Series 2000 D 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, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered September 12, 1997, in Case No. 96-1477-W-PWD-PC-CN.

So long as the Series 2000 C Bonds and the Series 2000 D Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2000 C Bonds and the Series 2000 D Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Resolution. Additionally, so long as the Series 2000 C Bonds and the Series 2000 D 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 2000 C Bonds and the Series 2000 D Bonds, immediately be remitted to the Commission for deposit in the respective 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 2000 C Bonds and the Series 2000 D Bonds. Any balance remaining after the payment of the Series 2000 C Bonds and the Series 2000 D Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue Fund or if the Renewal and Replacement Fund is created hereunder, then in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other

dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with a professional engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall, with the consent of the BPH and the Authority, be remitted to the Commission for deposit in the Sinking Funds. Payment of such proceeds into the Sinking Funds, the Revenue Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such funds by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

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

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2000 C Bonds and the Series 2000 D Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2000 C Bonds and the Series 2000 D 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 Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2000 C Bonds and the Series 2000 D Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority and the BPH under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolution).

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

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

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 payments from the Company under the Agreement shall not be less than 100% 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.

In the event the Agreement is no longer in place, 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 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 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 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 issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

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

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority 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 and commencement of operation of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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

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

The Issuer shall file with the BPH, the Authority, or any other original purchaser of the Series 2000 C Bonds and the Series 2000 D Bonds, and shall mail in each

year to any Holder or Holders of the Series 2000 C Bonds and the Series 2000 D Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants 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 the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2000 C Bonds and the Series 2000 D Bonds, and shall submit said report to the BPH and the Authority, or any other original purchaser of the Series 2000 C Bonds and the Series 2000 D Bonds. Such audit report submitted to the Authority and the BPH shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

The Issuer shall provide the BPH with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in

Exhibit D of the Loan Agreement for the Series 2000 D Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2000 C Bonds and the Series 2000 D Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 100% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2000 C Bonds and the Series 2000 D Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 C Bonds and the Series 2000 D Bonds, including the Prior Bonds. In the event the Agreement is no longer in place, the Issuer shall comply with the requirements of Sections 4.1(b)(ii) and 5.2 of the Loan Agreement. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. In the event the Agreement is no longer in place, the Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the BPH within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall 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, 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 the respective Loan Agreements, 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 employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement. To the extent operation and maintenance is performed by the Company, the Issuer shall enforce the Agreement to fulfil compliance with this covenant.

Unless otherwise waived by the BPH, the Issuer shall require the Consulting Engineers to submit Record Drawings, 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.

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

In the event that the Agreement is no longer in effect, and to the extent required by law, the Issuer shall employ qualified operating personnel properly certified by the State

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

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

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

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

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

employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

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

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

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

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

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

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion, Operation and Maintenance of Project; Permits and Orders. The Issuer shall complete or cause to be completed under the Agreement the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards. The Issuer shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2000 C Bonds and the Series 2000 D Bonds are outstanding. To the extent operation and maintenance is performed by the Company, the Issuer shall enforce the provisions of the Agreement to fulfil

compliance with this covenant. Pursuant to the Agreement, the Company has agreed to operate and maintain the System at its own expense.

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

Section 7.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. 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 2000 C Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

B. FURTHER ACTIONS. The Issuer will take any and all actions that may be deemed necessary by the Authority so that the interest on the obligations of the Authority, the proceeds of which were used by the Authority to purchase the Series 2000 C Bonds, will be and remain excludable from gross income for federal income tax purposes.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2000 C Bonds and the Series 2000 D 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 2000 C Bonds and the Series 2000 D Bonds, which 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 shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the BPH 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 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 7.21. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2000 C Bonds and the Series 2000 D 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 Authority, if requested, and the BPH for written approval. The Issuer shall obtain the written approval of the Authority and the BPH before expending any proceeds of the Series 2000 C Bonds and the Series 2000 D Bonds held in "contingency" as set forth in the Schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Authority and the BPH before expending any proceeds of the Series 2000 C Bonds and the Series 2000 D Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account except as otherwise provided herein with respect to the 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 Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

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

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2000 C Bonds and the Series 2000 D Bonds as a condition to issuance of the Series 2000 C Bonds and the Series 2000 D 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 2000 C Bonds and the Series 2000 D Bonds as may be necessary in order to maintain the status of the Series 2000 C Bonds and the Series 2000 D 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 2000 C Bonds and the Series 2000 D 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 BPH or the Council, as the case may be, from which the proceeds of the Series 2000 C Bonds and the Series 2000 D 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 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 Resolution.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the 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 2000 C Bonds and the Series 2000 D Bonds:

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

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

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

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

the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2000 C Bonds and the Series 2000 D Bonds shall be on a parity with each other and with those of the Holders of the Prior Bonds.

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

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

Whenever all that is due upon the Series 2000 C Bonds and the Series 2000 D Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such

other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Series 2000 C Bonds and the Series 2000 D Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2000 C Bonds and the Series 2000 D Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2000 C Bonds and the Series 2000 D Bonds shall thereupon cease, terminate and become void and be discharged and satisfied; provided that, so long as the Authority is the Registered Owner of the Bonds, the Issuer shall not redeem any of the Bonds without the prior written consent of the Authority, and any such redemption authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds of the Authority, the redemption premium payable on the applicable water development revenue bonds of the Authority redeemable as a consequence of such redemption of the Bonds and the costs and expenses of the Authority in effecting any such redemption, all as prescribed in the Loan Agreement.

ARTICLE XI

MISCELLANEOUS

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

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

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

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

Section 11.05. Notices. All notices to be sent to the Issuer, the Company, the Authority, 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:

New Haven Public Service District
Fayette County Courthouse
Fayetteville, West Virginia 25840
Attention: Chairman

COMPANY:

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

AUTHORITY:

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

BPH:

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

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

Section 11.06. Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Loan Agreement. In the event of any conflict between this Resolution and the Prior Resolution, the Prior Resolution 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 New Haven Public Service District and within the boundaries of the Issuer, a Class II legal advertisement stating:

(a) The maximum amount of the Bonds to be issued;

(b) The maximum interest rate and terms of the 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 18th day of September, 2000.

Chairman

CL634005.1

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of NEW HAVEN PUBLIC SERVICE DISTRICT on the 18th day of September, 2000.

Dated: September 21, 2000.

[SEAL]

Lurgene Pennington
Secretary

09/15/00
658590/00001

CL634005.1

EXHIBIT A

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

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 C (West Virginia Water Development Authority) and
Series 2000 D (West Virginia DWTRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2000 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND WATER REVENUE BONDS, SERIES 2000 D (WEST VIRGINIA DWTRF PROGRAM), OF NEW HAVEN PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING LETTERS OF CREDIT TO FUND THE RESERVE ACCOUNTS; APPROVING THE RESTATED FIRST AMENDMENT TO THE AGREEMENT; 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 New Haven Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective September 18, 2000 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF NEW HAVEN PUBLIC

SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,605,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), AND NOT MORE THAN $767,354 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 D (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 meanings set forth in the Resolution when used herein;

WHEREAS, the Resolution provides for the issuance of Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority) and Series 2000 D (West Virginia DWTRF Program) of the Issuer (collectively, the "Bonds" and individually, the "Series 2000 C Bonds" and the "Series 2000 D Bonds"), in the respective aggregate principal amounts not to exceed $1,605,000 and $767,354, and has authorized the execution and delivery of the loan agreement relating to the Series 2000 C Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), and the loan agreement relating to the Series 2000 D Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH") (collectively, the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, Chapter 16, Article 13C and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Issuer and the Company have agreed to amend the Agreement dated November 27, 1996, by entering into the Restated First Amendment to Agreement dated September 21, 2000 (the "Restated First Agreement");

WHEREAS, the Issuer has determined it desirable to purchase from One Valley Bank, National Association, Charleston, West Virginia, and the Company has agreed to pay for such purchase, a Letter of Credit, No. 00-051, dated September 21, 2000, in the amount of $104,815 (the "Series 2000 C Letter of Credit"), and a Letter of Credit, No. 00-048, dated September 1, 2000, in the amount of $51,160 (the "Series 2000 D Letter of Credit" and collectively with the Series 2000 C Letter of Credit, the "Letter of Credit") to fund the Series 2000 C Bonds Reserve Account and the Series 2000 D Bonds Reserve Account respectively;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and entered into by the Issuer, that the Restated First Amendment and the Letter of Credit be approved, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF NEW HAVEN PUBLIC SERVICE DISTRICT:

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

A. Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered CR-1, in the principal amount of $1,605,000. The Series 2000 C Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2040, and shall bear interest at the rates

per annum set forth on the Schedule Y attached to the Loan Agreement, which rates shall not exceed 5.9%, payable semiannually on June 1 and December 1 of each year, beginning December 1, 2000. The Series 2000 C Bonds shall be payable in annual installments of principal on June 1 of each year, commencing June 1, 2002, and ending June 1, 2040, and in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2000 C Bonds. The Series 2000 C Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2000 C Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1.75% of the principal amount of the Series 2000 C Bonds set forth in the Schedule Y attached to the Loan Agreement. The Authority will purchase the Series 2000 C Bonds at the price of $1,510,000.

B. Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program), of the Issuer, originally represented by a single Bond, numbered DR-1, in the principal amount of $767,354. The Series 2000 D Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2031, and shall bear no interest. The principal of the Series 2000 D Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, and ending June 1, 2031, and in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2000 D Bonds. The Series 2000 D Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2000 D Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1% of the principal amount of the Series 2000 D Bonds set forth in the Schedule Y attached to the Loan Agreement.

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

Section 3. The Issuer does hereby authorize, ratify, approve and accept the Loan Agreement, including all schedules and exhibits attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the BPH and the Authority.

Section 4. The Issuer does hereby authorize, ratify, approve and accept the Restated First Amendment, a copy of which is incorporated herein by reference, and the execution and delivery of the Restated First Amendment by the Chairman, and the

performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved.

Section 5. The Issuer does hereby approve the Letter of Credit and the issuance of the Letter of Credit to fund the respective Reserve Accounts for the Bonds, and hereby agrees that the Authority may hereafter require that the Reserve Accounts be funded in the amounts required under the Resolution and the Loan Agreement in the event the Letter of Credit is reduced or terminated.

Section 6. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 7. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Resolution.

Section 8. The Issuer does hereby appoint and designate Fayette County National Bank, Fayetteville, West Virginia, to serve as Depository Bank under the Resolution.

Section 9. Series 2000 C Bonds proceeds in the amount of $101,299 shall be deposited in the Series 2000 C Bonds Sinking Fund as capitalized interest.

Section 10. Series 2000 D Bonds proceeds in the amount of $-0- shall be deposited in the Series 2000 D Bonds Sinking Fund as capitalized interest.

Section 11. Series 2000 C Bonds proceeds in the amount of $-0- shall be deposited in the Series 2000 C Bonds Reserve Account. The Series 2000 C Bonds Reserve Account shall be funded with the Letter of Credit in the stated amount of $104,815.

Section 12. Series 2000 D Bonds proceeds in the amount of $-0- shall be deposited in the Series 2000 D Bonds Reserve Account. The Series 2000 D Bonds Reserve Account shall be funded with the Letter of Credit in the stated amount of $51,160.

Section 13. The balance of the proceeds of the Series 2000 C Bonds and the Series 2000 D Bonds shall be deposited in or credited to the respective Bonds Construction Trust Funds as received from time to time for payment of costs of the Project,

including, without limitation, costs of issuance of the Series 2000 C Bonds and the Series 2000 D Bonds and related costs.

Section 14. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about September 21, 2000.

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

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 18th day of September, 2000.

Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of NEW HAVEN PUBLIC SERVICE DISTRICT on the 18th day of September, 2000.

Dated: September 21, 2000.

[SEAL]

Imogene Pennington
Secretary

09/15/00
659590/00001

CH635156.2

WDA-LP III
(9/11/00)

LOAN AGREEMENT

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

NEW HAVEN PUBLIC SERVICE DISTRICT (Series 2000C)
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

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

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

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

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

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a certain general revenue bond resolution adopted by the Board of the Authority (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program for private activity related projects, known as Loan Program III (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

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

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

1.3 "Governmental Lease" means a lease of a Project from one Governmental Agency to another.

1.4 "Governmental Lease Payment" means the payment of rent by the lessee of a Project to the lessor thereof pursuant to a Governmental Lease.

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

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

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

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

1.9 "O&M Agreement" means the operating and maintenance agreement pursuant to the terms of which a Person, other than the Governmental Agency owning a specific Project, has agreed to assist in the acquisition, construction and equipping of a Project and/or to operate, repair and maintain such Project.

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

1.11 "Operator" means the Person operating and maintaining the Project under the O&M Agreement.

1.12 "Person" means any public or private corporation, institution, association, firm or company organized or existing under the laws of the State or any other state or country; the United States or the State; any federal or state governmental agency; political subdivision; county commission; municipality; industry; sanitary district; public

service district; drainage district; soil conservation district; watershed improvement district; partnership; trust; estate; person or individual; group of persons or individuals acting individually or as a group or any other legal entity whatsoever.

1.13 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

1.15 "Use Fee" means the payment made by the Operator to the Governmental Agency pursuant to an O&M Agreement.

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having determined that the Project is consistent with the applicable comprehensive plan of water management approved by the director of the West Virginia Division of Environmental Protection (or in the process of preparation by such director) and is consistent with the standards set by the West Virginia Environmental Quality Board for the waters of the State affected thereby.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things

necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property is approved by the Authority.

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

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

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

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

the particular contract as security for the faithful performance of such contract and shall verify or have verified such bonds prior to commencement of construction.

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

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

2.10 The Governmental Agency shall itself provide, or under the Governmental Lease or the O&M Agreement provide for, operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ, or cause to be employed under the Governmental Lease or the O&M Agreement, qualified operating personnel properly certified by the State to operate the System during the entire term of this Loan Agreement.

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the General Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the General Resolution or any tax or arbitrage certificate with respect to the exclusion of the interest on the Authority's water development revenue bonds from gross income of the holders thereof for federal income tax purposes;

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

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

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

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

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

(j) In the event that the funds pledged to the payment of the Local Bonds are either Use Fees or Governmental Lease Payments, then the Local Act shall provide that (i) the Project financed by such Local Bonds shall be subject to an O&M Agreement pursuant to which the Operator shall be responsible, at its expense, to operate and maintain such Project; and (ii) in the event the O&M Agreement or the Governmental Lease is terminated or either the Use Fee or the Governmental Lease Payment, as the case may be, is not paid, then the Governmental Agency shall fix, collect, adjust and increase rates, fees and other charges for use of the System and shall take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement; and

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

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans from the Program to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program. Additionally, the Governmental Agency recognizes that the Authority will purchase the Local Bonds only with funds from the Program and not with funds from any other loan programs of the Authority.

ARTICLE IV

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

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

(a) That the gross revenues of the System, or any Use Fees or Governmental Lease Payments, as the case may be, shall always be used for purposes of the System. Such gross revenues, or any Use Fees or Governmental Lease Payments, as the case may be, shall be used monthly, in the order of priority listed below:

(i) to pay Operating Expenses of the System, to the extent such Operating Expenses are not paid under the O&M Agreement or the Governmental Lease;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document, as reflected on the Schedule X attached hereto, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if a reserve account is required by the Local Statute or in the event the O&M Agreement or Governmental Lease is terminated, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety or other security instrument) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

(iii) if required by the Local Statute or in the event the O&M Agreement or Governmental Lease is terminated, to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues

from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account; and

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either Use Fees or Government Lease Payments, as the case may be, or in the absence of either form of such revenues, by a pledge of either the gross or net revenues of the System, as the case may be, as more fully set forth in the Local Act;

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

(iii) That the Governmental Agency shall complete, or cause to be completed, the Project, shall operate and maintain, or cause to be operated and maintained under the O&M Agreement and/or Governmental Lease, the System in good condition and, to the extent applicable, in compliance with, among other state and federal standards, the water quality standards established by the West Virginia Division of Environmental Protection (the "DEP") and the United States Environmental Protection Agency (the "EPA"), shall permit the DEP and EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof, and shall,

as a condition precedent to the Authority's making the Loan, have obtained, among other permits required, permits from the EPA and the DEP, if required;

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System, including any Use Fees or Governmental Lease Payments, which rank prior to, or equally, as to lien and security with the Local Bonds, without the Authority's prior written consent.

(vi) That the Governmental Agency will carry, or cause to be carried under the O&M Agreement or otherwise, such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

(vii) That the Governmental Agency will not render, or allow to be rendered, any free services of the System;

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or

independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues or Use Fees or Governmental Lease Payments, as the case may be, are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That, except as otherwise provided by law, in the absence of an O&M Agreement, the Governmental Agency shall annually adopt a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof;

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and except in compliance with the restrictions contained in this Loan Agreement;

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

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

(xviii) That if the funds pledged to the payment of the Local Bonds are either Use Fees or Governmental Lease Payments, then the Governmental Agency shall grant, for the benefit of the Authority, a deed of trust and security agreement or a statutory mortgage lien on the System;

(xix) That except as provided by law, in the absence of a pledge of either Use Fees or Governmental Lease Payments to the payment of the Local Bonds or in the event the O&M Agreement or the Governmental Lease is terminated, the Governmental Agency shall covenant to fix and collect rates, fees and other charges for use of the System, to adjust and increase such rates, fees and other charges and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement;

(xx) That the Governmental Agency shall require its contractors to furnish 100% performance and payment bonds; shall also require them to maintain workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts satisfactory to the Authority; and shall maintain, or require its contractors to maintain, builder's risk insurance (fire and extended coverage) on a 100% basis on the insurable portion of the Project being constructed;

(xxi) That the Governmental Agency shall provide the Authority with annual financial information and such other information as is necessary for the Authority to meet its ongoing disclosure requirements;

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

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

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

(xxv) That the Governmental Agency will annually furnish to the Authority information with respect to the Governmental Agency's use of the proceeds of the Local Bonds and any additional information requested by the Authority;

(xxvi) That the Governmental Agency shall obtain the written approval of the Authority before expending any proceeds of the Local Bonds available due to bid/construction/project underruns, including the "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer; and

(xxvii) That the Governmental Agency shall list the funding provided by 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.

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

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

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

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

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

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority at the time of closing and shall be paid to the Commission as set forth on Schedules X and Y attached hereto. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.7 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the Authority's bonds.

4.8 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution.

ARTICLE V

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

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

5.2 In the event, for any reason, the O&M Agreement or the Governmental Lease is terminated or the schedule of Use Fees or Governmental Lease Payments or rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the required sums set forth in the Local Act and this Loan Agreement, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of Use Fees or Governmental Lease Payments or rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement.

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

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 7 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by the Governmental Agency in the terms and covenants of this Loan Agreement, and the

Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

6.4 The Governmental Agency hereby covenants that it will take all actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Authority's water development revenue bonds.

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

(ii) termination by the Authority pursuant to Section 6.3 hereof; or

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

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

NEW HAVEN PUBLIC SERVICE DISTRICT
[Name of Governmental Agency]

(SEAL)

By: [signature]

Its: Chairman

Attest:

Date: September 18, 2000

[signature]

Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: [signature]
Its: Director

Attest:

Date: September 21, 2000

[signature]
Secretary-Treasurer

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

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

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, ____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, ____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal and interest to the Authority, with interest payable semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, _____, at the rate or rates per annum set forth on the Schedule Y, and with principal payable annually on _____ 1 of each year, commencing _____ 1, ____, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds. The Local Bonds are subject to an administrative fee payable semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, _____, as set forth in the "Schedule Y" attached to the Loan Agreement.

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

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

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

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

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

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

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

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

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

6. Under the Local Statute, the Local Bonds and the interest thereon are exempt _____.

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

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

Very truly yours,

EXHIBIT C

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

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

Witnesseth my signature this __ day of____, _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Instructions for Completing Monthly Financial Report

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

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

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

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

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

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

EXHIBIT D

[Monthly Payment Form]

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

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

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$1,605,000
Purchase Price of Local Bonds	$1,510,000

Interest on the Local Bonds is payable on June 1 and December 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate or rates per annum set forth on the Schedule Y attached hereto and incorporated herein by reference. Principal of the Local Bonds is payable on June 1 in each year as set forth on the attached Schedule Y. An administrative fee on the Local Bonds is payable June 1 and December 1 in each year as set forth on the attached Schedule Y.

The Local Bonds are fully registered in the name of the Authority as to interest and principal and the Local Bonds shall grant the Authority a first lien on the Use Fees or Governmental Lease Payments, as the case may be, or the gross or net revenues of the Governmental Agency's system, as the case may be, as provided in the Local Act.

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

Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated March 2, 2000, issued in the original aggregate principal amount of $1,241,000; and Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated March 2, 2000, issued in the original aggregate principal amount of $9,004,675.

FINAL

New Haven Public Service District (West Virginia)

WDA Loan of $1,605,000
WDA Administrative Fee of 1.75% of Annual Debt Service
(Annual Use Fee not to exceed $107,000)

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Admin Fee	Total
12/01/2000	-	-	25,053.61	-	25,053.61
6/01/2001	-	-	44,650.00	1,219.82	45,869.82
12/01/2001	-	-	44,650.00	-	44,650.00
6/01/2002	15,000.00	4.500%	44,650.00	1,825.25	61,475.25
12/01/2002	-	-	44,312.50	-	44,312.50
6/01/2003	15,000.00	4.600%	44,312.50	1,813.44	61,125.94
12/01/2003	-	-	43,967.50	-	43,967.50
6/01/2004	15,000.00	4.650%	43,967.50	1,801.37	60,768.87
12/01/2004	-	-	43,618.75	-	43,618.75
6/01/2005	15,000.00	4.700%	43,618.75	1,789.16	60,407.91
12/01/2005	-	-	43,266.25	-	43,266.25
6/01/2006	15,000.00	4.750%	43,266.25	1,776.82	60,043.07
12/01/2006	-	-	42,910.00	-	42,910.00
6/01/2007	15,000.00	4.800%	42,910.00	1,764.35	59,674.35
12/01/2007	-	-	42,550.00	-	42,550.00
6/01/2008	15,000.00	4.900%	42,550.00	1,751.75	59,301.75
12/01/2008	-	-	42,182.50	-	42,182.50
6/01/2009	20,000.00	5.000%	42,182.50	1,826.39	64,008.89
12/01/2009	-	-	41,682.50	-	41,682.50
6/01/2010	20,000.00	5.000%	41,682.50	1,808.89	63,491.39
12/01/2010	-	-	41,182.50	-	41,182.50
6/01/2011	20,000.00	5.000%	41,182.50	1,791.39	62,973.89
12/01/2011	-	-	40,682.50	-	40,682.50
6/01/2012	20,000.00	5.125%	40,682.50	1,773.89	62,456.39
12/01/2012	-	-	40,170.00	-	40,170.00
6/01/2013	20,000.00	5.250%	40,170.00	1,755.95	61,925.95
12/01/2013	-	-	39,645.00	-	39,645.00
6/01/2014	25,000.00	5.375%	39,645.00	1,825.08	66,470.08
12/01/2014	-	-	38,973.13	-	38,973.13
6/01/2015	25,000.00	5.875%	38,973.13	1,801.56	65,774.69
12/01/2015	-	-	38,238.75	-	38,238.75
6/01/2016	25,000.00	5.875%	38,238.75	1,775.86	65,014.61
12/01/2016	-	-	37,504.38	-	37,504.38
6/01/2017	25,000.00	5.875%	37,504.38	1,750.16	64,254.54
12/01/2017	-	-	36,770.00	-	36,770.00
6/01/2018	30,000.00	5.875%	36,770.00	1,811.95	68,581.95
12/01/2018	-	-	35,888.75	-	35,888.75
6/01/2019	30,000.00	5.875%	35,888.75	1,781.11	67,669.86
12/01/2019	-	-	35,007.50	-	35,007.50
6/01/2020	30,000.00	5.875%	35,007.50	1,750.27	66,757.77
12/01/2020	-	-	34,126.25	-	34,126.25
6/01/2021	35,000.00	5.625%	34,126.25	1,806.92	70,933.17
12/01/2021	-	-	33,141.88	-	33,141.88
6/01/2022	35,000.00	5.625%	33,141.88	1,772.47	69,914.35

FINAL

New Haven Public Service District (West Virginia)

WDA Loan of $1,605,000

WDA Administrative Fee of 1.75% of Annual Debt Service

(Annual Use Fee not to exceed $107,000)

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Admin Fee	Total
12/01/2022	-	-	32,157.50	-	32,157.50
6/01/2023	40,000.00	5.625%	32,157.50	1,825.52	73,983.02
12/01/2023	-	-	31,032.50	-	31,032.50
6/01/2024	40,000.00	5.625%	31,032.50	1,786.14	72,818.64
12/01/2024	-	-	29,907.50	-	29,907.50
6/01/2025	45,000.00	5.625%	29,907.50	1,834.27	76,741.77
12/01/2025	-	-	28,641.88	-	28,641.88
6/01/2026	45,000.00	5.625%	28,641.88	1,789.97	75,431.85
12/01/2026	-	-	27,376.25	-	27,376.25
6/01/2027	50,000.00	5.625%	27,376.25	1,833.17	79,209.42
12/01/2027	-	-	25,970.00	-	25,970.00
6/01/2028	50,000.00	5.625%	25,970.00	1,783.95	77,753.95
12/01/2028	-	-	24,563.75	-	24,563.75
6/01/2029	55,000.00	5.625%	24,563.75	1,822.24	81,385.99
12/01/2029	-	-	23,016.88	-	23,016.88
6/01/2030	55,000.00	5.625%	23,016.88	1,768.10	79,784.98
12/01/2030	-	-	21,470.00	-	21,470.00
6/01/2031	60,000.00	5.650%	21,470.00	1,801.45	83,271.45
12/01/2031	-	-	19,775.00	-	19,775.00
6/01/2032	60,000.00	5.650%	19,775.00	1,742.13	81,517.13
12/01/2032	-	-	18,080.00	-	18,080.00
6/01/2033	65,000.00	5.650%	18,080.00	1,770.30	84,850.30
12/01/2033	-	-	16,243.75	-	16,243.75
6/01/2034	70,000.00	5.650%	16,243.75	1,793.54	88,037.29
12/01/2034	-	-	14,266.25	-	14,266.25
6/01/2035	75,000.00	5.650%	14,266.25	1,811.82	91,078.07
12/01/2035	-	-	12,147.50	-	12,147.50
6/01/2036	80,000.00	5.650%	12,147.50	1,825.17	93,972.67
12/01/2036	-	-	9,887.50	-	9,887.50
6/01/2037	80,000.00	5.650%	9,887.50	1,746.07	91,633.57
12/01/2037	-	-	7,627.50	-	7,627.50
6/01/2038	85,000.00	5.650%	7,627.50	1,754.47	94,381.97
12/01/2038	-	-	5,226.25	-	5,226.25
6/01/2039	90,000.00	5.650%	5,226.25	1,757.92	96,984.17
12/01/2039	-	-	2,683.75	-	2,683.75
6/01/2040	95,000.00	5.650%	2,683.75	1,756.44	99,440.19
Total	1,605,000.00	-	2,450,792.41	70,976.52*	4,126,768.93

*The Administrative Fee is payable semiannually on June 1 and December 1.

SCHEDULE Z

None.

DWTRF
(4/7/00)

LOAN AGREEMENT

THIS DRINKING WATER TREATMENT REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting under the direction of the WEST VIRGINIA BUREAU FOR PUBLIC HEALTH, a division of the West Virginia Department of Health and Human Resources (the "BPH"), and the local entity designated below (the "Local Entity").

NEW HAVEN PUBLIC SERVICE DISTRICT (Series 2000D)
(Local Entity)

WITNESSETH:

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

1.11 "System" means the drinking water system owned by the Local Entity, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

ARTICLE II

The Project and the System

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

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Local Entity, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property is approved by BPH and the Authority.

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

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

2.6 The Local Entity agrees that it will permit the Authority and BPH and their respective agents to have access to the records of the Local Entity pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the

Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

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

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

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

2.10 The Local Entity shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the DWTRF Regulations, to BPH when the Project is 90% completed. The Local Entity shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Entity shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of

this Loan Agreement. The Local Entity shall notify BPH in writing of the certified operator employed at the 50% completion stage.

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

(a) The Local Entity shall have delivered to BPH and the Authority a report listing the specific purposes for which the proceeds of the Loan will be expended and the procedures as to the disbursement of loan proceeds, including an estimated monthly draw schedule;

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

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

(d) The Local Entity shall either have received bids or entered into contracts for the construction of the Project, which are in an amount and otherwise compatible with the plan of financing described in the Application; provided, that, if the Loan will refund an interim construction financing, the Local Entity must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and,

in either case, the Authority and BPH shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit C;

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

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

4.1 The Local Entity shall, as one of the conditions of the Authority and BPH to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of

the Local Entity in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows:

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

(i) to pay Operating Expenses of the System;

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

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

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

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

(b) Covenants substantially as follows:

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

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent

(115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the Reserve Account is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount equal to the Reserve Requirement and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

(iv) That, except as otherwise required by State law or the DWTRF Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of the System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

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

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

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

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

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

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

(xi) That the Local Entity shall annually, within six months of the end of the fiscal year, cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and BPH. If the Local Entity receives $300,000 or more (in federal funds) in a fiscal year, the audit shall be obtained in accordance with the Single Audit Act (as amended from time to time) and the applicable OMB Circular (or any successor thereto). Financial statement audits are required once all funds have been received by the Local Entity. The audit shall include a statement that the Local Entity is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Local Entity's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Local Entity may authorize redemption of the Local Bonds with 30 days written notice to BPH and the Authority;

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

5.4 The Local Entity hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Entity, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Local Entity

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

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

made to the Authority and BPH by the Local Entity in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Local Entity has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act, the DWTRF Regulations or this Loan Agreement.

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

7.7 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

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

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

NEW HAVEN PUBLIC SERVICE DISTRICT
[Name of Local Entity]

(SEAL)

By: _____

Its: Chairman

Attest:

Date: September 18, 2000

_____

Its Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____

Its: Director

Attest:

Date: September 21, 2000

_____
Secretary-Treasurer

000832/00520
4/7/00

EXHIBIT A

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

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

Witnesseth my signature this ____ day of _____, _____.

_____
[Name of Local Entity]

By: _____
Authorized Officer

Instructions for Completing Monthly Financial Report

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

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

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

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

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

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

EXHIBIT B

PAYMENT REQUISITION FORM

EXHIBIT C

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by BPH and any change orders approved by the Issuer, BPH and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule A attached hereto as Exhibit A, and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been

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

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

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

[SEAL]

_____

By: _____

_____

West Virginia License No. _____

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

EXHIBIT D

Special Conditions

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

EXHIBIT E

[Monthly Payment Form]

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

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of _____ on _____.
[Local Entity] [Date]

Sinking Fund:

Interest $_____

Principal $_____

Total: $_____

Reserve Account: $_____

Witness my signature this ___ day of _____.

_____
[Name of Local Entity]

By: _____
Authorized Officer

Enclosure: wire transfer form

EXHIBIT F

[Opinion of Bond Counsel for Local Entity]

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$ 767,354
Purchase Price of Local Bonds	$ 767,354

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

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

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

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

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

Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated March 2, 2000, issued in the original aggregate principal amount of $1,241,000; and Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated March 2, 2000, issued in the original aggregate principal amount of $9,004,675.

New Haven Public Service District (West Virginia)

DWTRF Loan of $767,354
30 Years, 0% Interest Rate, 1% Administrative Fee
Closing Date: September 21, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	6,395.00	-	6,395.00
12/01/2001	6,395.00	-	6,395.00
3/01/2002	6,395.00	-	6,395.00
6/01/2002	6,395.00	-	6,395.00
9/01/2002	6,395.00	-	6,395.00
12/01/2002	6,395.00	-	6,395.00
3/01/2003	6,395.00	-	6,395.00
6/01/2003	6,395.00	-	6,395.00
9/01/2003	6,395.00	-	6,395.00
12/01/2003	6,395.00	-	6,395.00
3/01/2004	6,395.00	-	6,395.00
6/01/2004	6,395.00	-	6,395.00
9/01/2004	6,395.00	-	6,395.00
12/01/2004	6,395.00	-	6,395.00
3/01/2005	6,395.00	-	6,395.00
6/01/2005	6,395.00	-	6,395.00
9/01/2005	6,395.00	-	6,395.00
12/01/2005	6,395.00	-	6,395.00
3/01/2006	6,395.00	-	6,395.00
6/01/2006	6,395.00	-	6,395.00
9/01/2006	6,395.00	-	6,395.00
12/01/2006	6,395.00	-	6,395.00
3/01/2007	6,395.00	-	6,395.00
6/01/2007	6,395.00	-	6,395.00
9/01/2007	6,395.00	-	6,395.00
12/01/2007	6,395.00	-	6,395.00
3/01/2008	6,395.00	-	6,395.00
6/01/2008	6,395.00	-	6,395.00
9/01/2008	6,395.00	-	6,395.00
12/01/2008	6,395.00	-	6,395.00
3/01/2009	6,395.00	-	6,395.00
6/01/2009	6,395.00	-	6,395.00
9/01/2009	6,395.00	-	6,395.00
12/01/2009	6,395.00	-	6,395.00
3/01/2010	6,395.00	-	6,395.00
6/01/2010	6,395.00	-	6,395.00
9/01/2010	6,395.00	-	6,395.00
12/01/2010	6,395.00	-	6,395.00
3/01/2011	6,395.00	-	6,395.00
6/01/2011	6,395.00	-	6,395.00
9/01/2011	6,395.00	-	6,395.00
12/01/2011	6,395.00	-	6,395.00
3/01/2012	6,395.00	-	6,395.00

New Haven Public Service District (West Virginia)

DWTRF Loan of $767,354
30 Years, 0% Interest Rate, 1% Administrative Fee
Closing Date: September 21, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2012	6,395.00	-	6,395.00
9/01/2012	6,395.00	-	6,395.00
12/01/2012	6,395.00	-	6,395.00
3/01/2013	6,395.00	-	6,395.00
6/01/2013	6,395.00	-	6,395.00
9/01/2013	6,395.00	-	6,395.00
12/01/2013	6,395.00	-	6,395.00
3/01/2014	6,395.00	-	6,395.00
6/01/2014	6,395.00	-	6,395.00
9/01/2014	6,395.00	-	6,395.00
12/01/2014	6,395.00	-	6,395.00
3/01/2015	6,395.00	-	6,395.00
6/01/2015	6,395.00	-	6,395.00
9/01/2015	6,395.00	-	6,395.00
12/01/2015	6,395.00	-	6,395.00
3/01/2016	6,395.00	-	6,395.00
6/01/2016	6,395.00	-	6,395.00
9/01/2016	6,395.00	-	6,395.00
12/01/2016	6,395.00	-	6,395.00
3/01/2017	6,395.00	-	6,395.00
6/01/2017	6,395.00	-	6,395.00
9/01/2017	6,395.00	-	6,395.00
12/01/2017	6,395.00	-	6,395.00
3/01/2018	6,395.00	-	6,395.00
6/01/2018	6,395.00	-	6,395.00
9/01/2018	6,395.00	-	6,395.00
12/01/2018	6,395.00	-	6,395.00
3/01/2019	6,395.00	-	6,395.00
6/01/2019	6,395.00	-	6,395.00
9/01/2019	6,395.00	-	6,395.00
12/01/2019	6,395.00	-	6,395.00
3/01/2020	6,394.00	-	6,394.00
6/01/2020	6,394.00	-	6,394.00
9/01/2020	6,394.00	-	6,394.00
12/01/2020	6,394.00	-	6,394.00
3/01/2021	6,394.00	-	6,394.00
6/01/2021	6,394.00	-	6,394.00
9/01/2021	6,394.00	-	6,394.00
12/01/2021	6,394.00	-	6,394.00
3/01/2022	6,394.00	-	6,394.00
6/01/2022	6,394.00	-	6,394.00
9/01/2022	6,394.00	-	6,394.00
12/01/2022	6,394.00	-	6,394.00
3/01/2023	6,394.00	-	6,394.00
6/01/2023	6,394.00	-	6,394.00
9/01/2023	6,394.00	-	6,394.00

New Haven Public Service District (West Virginia)

DWTRF Loan of $767,354
30 Years, 0% Interest Rate, 1% Administrative Fee
Closing Date: September 21, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2023	6,394.00	-	6,394.00
3/01/2024	6,394.00	-	6,394.00
6/01/2024	6,394.00	-	6,394.00
9/01/2024	6,394.00	-	6,394.00
12/01/2024	6,394.00	-	6,394.00
3/01/2025	6,394.00	-	6,394.00
6/01/2025	6,394.00	-	6,394.00
9/01/2025	6,394.00	-	6,394.00
12/01/2025	6,394.00	-	6,394.00
3/01/2026	6,394.00	-	6,394.00
6/01/2026	6,394.00	-	6,394.00
9/01/2026	6,394.00	-	6,394.00
12/01/2026	6,394.00	-	6,394.00
3/01/2027	6,394.00	-	6,394.00
6/01/2027	6,394.00	-	6,394.00
9/01/2027	6,394.00	-	6,394.00
12/01/2027	6,394.00	-	6,394.00
3/01/2028	6,394.00	-	6,394.00
6/01/2028	6,394.00	-	6,394.00
9/01/2028	6,394.00	-	6,394.00
12/01/2028	6,394.00	-	6,394.00
3/01/2029	6,394.00	-	6,394.00
6/01/2029	6,394.00	-	6,394.00
9/01/2029	6,394.00	-	6,394.00
12/01/2029	6,394.00	-	6,394.00
3/01/2030	6,394.00	-	6,394.00
6/01/2030	6,394.00	-	6,394.00
9/01/2030	6,394.00	-	6,394.00
12/01/2030	6,394.00	-	6,394.00
3/01/2031	6,394.00	-	6,394.00
6/01/2031	6,394.00	-	6,394.00
Total	767,354.00	-	767,354.00 *

*Plus $967.15 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $116,058.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 12th day of September, 1997.

CASE NO. 96-0317-W-PWD-PC

WEST VIRGINIA-AMERICAN WATER COMPANY
and SALEM-GATEWOOD PUBLIC SERVICE DISTRICT
Petition for consent and approval of the sale of water and utility assets of Salem-Gatewood Public Service District to West Virginia-American Water Company.

and

Case No. 96-1477-W-PWD-PC-CN

WEST VIRGINIA-AMERICAN WATER COMPANY,
COUNTY COMMISSION OF FAYETTE COUNTY,
and NEW HAVEN PUBLIC SERVICE DISTRICT.
Joint petition for Commission approval of agreement and related transactions, and for expansion of New Haven Public Service District; and joint application for a certificate of convenience and necessity to construct the Fayette Plateau Treatment Plant.

COMMISSION ORDER

On December 2, 1996, West Virginia-American Water Company (WVAWC), the County Commission of Fayette County (County) and New Haven Public Service District (District) filed a Joint Application for Consent and Approval to Agreement and Approval of the Related Transactions and Certain Ratemaking Treatment; and for Certificate of Convenience and Necessity for the Construction of Facilities (Joint

B. Schultz.

On August 21, 1997, the Affiliated Construction Trades Foundation (ACT) filed a petition to intervene in Case No. 96-1477-W-PWD-PC-CN. On August 25, 1997, ACT filed pre-filed testimony and comments on funding with respect to the project proposed in Case No. 96-1477-W-PWD-PC-CN.

On August 27, 1997, the West Virginia-American Water Company (WVAWC) filed its response to ACT's petition to intervene, stating its opposition thereto.

On August 29, 1997, the parties filed with the Commission a letter of understanding setting forth the parties' agreements in principle, subject to the preparation and execution of a joint stipulation in these cases.

By Order issued on September 2, 1997, the Commission granted ACT's petition to intervene with respect to issues relevant to Case No. 96-1477-W-PWD-PC-CN.

The hearing in these matters commenced as scheduled on September 3, 1997 and reconvened on September 5, 1997.

At the hearing on September 3, 1997, WVAWC, Commission Staff and the CAD informed the Commission that they had reached an agreement in

currently sought by the District proves to be unavailable to the District, and the District incurs greater costs than anticipated in connection with its portion of the Project, then the Use Fee obligation of WVAWC set forth in paragraphs 56, 57, and 58 of the Stipulation, not be limited as proposed in the Stipulation, and (ii) The intervenor requests that the Commission order that in the event the District proposes in the future to sell to WVAWC the facilities constructed and owned by the District in connection with this Project, that such sale be at fair market value.[1]

The Commission has reviewed and considered the pre-filed testimony in this case, the Stipulation and the issues raised by ACT. The Commission is of the opinion that the Stipulation is a reasonable resolution of the issues in these consolidated cases, and that it should be adopted. Accordingly, the petitions filed in each of these cases should be approved as provided in the Stipulation.

With respect to ACT's first issue regarding the Use Fee, we note that if the proposed funding for the District's portion of the Project is not obtained, the Joint applicants shall be required by the provisions of this Order to reopen this proceeding for approval of revised financing. At such time, the Commission would consider the reasonableness and sufficiency of the Use Fee as the repayment mechanism for such revised refinancing.

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[1] The facilities proposed to be constructed by the District are described in the pre-filed testimony of Edward L. Shutt.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA

3. By Order dated June 24, 1997, the Commission rescinded its previously issued referral order in Case No. 96-1477-W-PWD-PC-CN and retained the consolidated cases for its determination. The Order additionally established a procedural schedule for the cases.

4. The pre-filed testimony in this case indicates that the Project will provide water to approximately 1,600 customers, or over 4,000 people, not currently receiving service from a water supply systems.

5. The new facilities will serve approximately 8, 850 customers in total, or over 25,000 people. In addition to the Fayette Plateau Treatment Plant a 500,000 gallon water storage tank, and two other storage tanks, approximately 60 miles of transmission and distribution mains will be constructed. In addition, WVAWC's current treatment facilities in Oak Hill, Mossy, and Ansted will be removed from service, and all of these systems will receive water from the Fayette Plateau Treatment Plant. *See Pre-filed Testimony of David B. Schultz.*

6. On August 21, 1997, ACT filed a petition to intervene in Case No. 96-1477-W-PWD-PC-CN. On August 25, 1997, ACT filed pre-filed testimony and comments on funding with respect to the project proposed in Case No. 96-1477-W-PWD-PC-CN.

7. On August 27, 1997, the West Virginia-American Water Company

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA

13. All of the parties, including ACT, represented to the Commission that they had agreed not to cross-examine each others' witnesses, and that all pre-filed testimony would be offered into the record unchallenged.

14. Following the statements by counsel, numerous members of the public located in the areas to be served by the proposed Project and representing businesses, residents, and local government, made statements in favor of the Fayette Plateau Treatment plant and the Project.

15. No member of the public expressed any opposition to the Project. The hearing was adjourned and continued until September 5, 1997.

16. On September 5, 1997, the hearing was reconvened and WVAWC, Commission Staff and CAD offered into evidence the Stipulation and Agreement for Settlement, attached hereto as Attachment 1, in resolution of this case.

17. Michael A. Miller, Vice President and Treasurer of WVAWC, testified in support of the Stipulation.

18. Following Mr. Miller's testimony, counsel for the intervenor further clarified the intervenor's concerns as follows: (i) The intervenor requests that in the event that the proposed financing

4. With respect to ACT's second issue regarding the possible future transfer of District properties to WVAWC, the District and WVAWC would be required by *West Virginia Code § 24-2-12* to obtain Commission approval for any sale of District assets to WVAWC. If such a transaction is proposed, the public would be provided notice and an opportunity to object to the terms of such sale.

5. It is not necessary or appropriate to take any action with respect to ACT's concerns at this time.

ORDER

IT IS THEREFORE ORDERED that: (i) the proposed Operation and Maintenance Agreement between WVAWC and the District, (ii) the proposed financing methodology, including the use of Industrial Development Bonds, a capital lease between WVAWC and the Fayette County Commission, and the payment of a Use Fee by WVAWC to the District, (iii) the Step Rate Increases and rate base treatment for the facilities to be constructed, and (iv) the expansion of the District's boundaries, as the foregoing are further described in the Joint Stipulation and Agreement for Settlement attached hereto as Attachment 1, and subject to the contingencies set forth in paragraphs 43, 44 and 46 of the Stipulation, are hereby approved.

IT IS FURTHER ORDERED that the sale of the water utility assets of Salem-Gatewood Public Service District to WVAWC as contemplated by

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA

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

A True Copy, Teste:

Sandra Neal

Sandra Neal
Executive Secretary

990146com031299.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 12th day of March, 1999.

CASE NO. 99-0146-W-PC

WEST VIRGINIA-AMERICAN WATER COMPANY,
NEW HAVEN PUBLIC SERVICE DISTRICT; AND
THE COUNTY COMMISSION OF FAYETTE COUNTY

Petition for consent and approval for changes to the scope, terms and/or financing of the Fayette County project pursuant to the Commission Order in Case No. 96-1477-W-PWD-PC-CN entered September 12, 1997.

COMMISSION ORDER

On January 22, 1999, West Virginia-American Water Company filed a letter with the Commission requesting authority to change the implementation dates and amounts of the step rate increases previously approved in Case No. 96-1477-W-PWD-PC-CN, to finance costs of the Company's Fayette County project. The Company's requests are based on the fact that whereas the original estimate of the Company's project costs was $23.51 million, final costs based on bids received are $28.270 million.

As approved in Case No. 96-1477-W-PWD-PC-CN, the current schedule of step rate increases would permit the Company to recover a total of $3.186 million through step rate increases as follows: (1) effective July 15, 1999, the Company would implement a step rate increase based on actual costs for work in progress (CWIP) as of May 31, 1999, adjusted by a true-up for the portion of CWIP recognized in the Company's last rate case, Case No. 98-0246-W-42T, and (2) effective when the project is certified as complete on or about January 1, 2000, the Company would implement a second step rate increase based on total CWIP expended. The September 12, 1997 Order in Case No. 96-1477-W-PWD-PC-CN stated that "if there are any changes to the scope, terms or financing of the Project as contemplated in the Joint Application or in the Stipulation, the joint applicants shall petition the Commission for approval of such changes prior to beginning construction."

Public Service Commission
of West Virginia
Charleston

5B

In the current filing, the Company proposes to suspend implementation of the first step rate increase until September 15, 1999, and implementation of the second, true-up, rate increase until September 1, 2000. The Company would increase the total amount of the step rate increases from $3.186 million to $3.351 million. The increase is based on project costs of $26.246 million, which is less than the actual total project cost estimate of $28.270 million. The Company would absorb the carrying cost for this difference and seek to include the difference in costs in its rate base in its next rate case to be filed following expiration of the current rate moratorium on March 1, 2001. Commission Staff and CAD will be free to take any position they deem appropriate as to the inclusion of the incremental amount in the Company's rate base.

If the changes are approved, the Company would file supporting calculations and tariff sheets for the first step rate increase no later than July 15, 2000 and include in such filing CWIP through July 15, 2000. The Company would file true-up calculations for CWIP through August 15, 2000 as soon as such information becomes available, and not to exceed the total project cost of $26.246 million.

The Company's letter states that it has consulted with Staff and CAD regarding the relief requested in this filing, and that neither party objects to the Company's requests.

On February 19, 1999, Commission Staff filed its Initial and Final Joint Staff Memorandum in this proceeding. Staff recommended that the Company's requests be granted and that it be permitted to change the implementation and amounts of the step rate increases related to the Fayette County project.

Upon review of the Company's filing, and the Staff recommendation, the Commission deems the requested changes to the step rate increases reasonable and will grant this petition.

FINDINGS OF FACT

1. On January 22, 1999, West Virginia-American Water Company filed a letter with the Commission requesting authority to change the implementation dates and amounts of the step rate increases previously approved in Case No. 96-1477-W-PWD-PC-CN, to finance costs of the Company's Fayette County project.

2. The Company's requests are based on the fact that whereas the original estimate of the Company's project costs was $23.51 million, final costs based on bids received are $28.270 million.

Public Service Commission
of West Virginia
Charleston

3. As approved in Case No. 96-1477-W-PWD-PC-CN, the current schedule of step rate increases would permit the Company to recover a total of $3.186 million through step rate increases as follows: (1) effective July 15, 1999 the Company would implement a step rate increase based on actual costs for work in progress (CWIP) as of May 31, 1999, adjusted by a true-up for the portion of CWIP recognized in the Company's last rate case, Case No. 98-0246-W-42T, and (2) when the project is certified as complete on or about January 1, 2000, the Company would implement a second step rate increase based on total CWIP expended.

4. The September 12, 1997 Order in Case No. 96-1477-W-PWD-PC-CN stated that "if there are any changes to the scope, terms or financing of the Project as contemplated in the Joint Application or in the Stipulation, the joint applicants shall petition the Commission for approval of such changes prior to beginning construction."

5. In the current filing, the Company proposes to suspend implementation of the first step rate increase until September 15, 1999, and implementation of the second, true-up, rate increase until September 1, 2000. The Company would increase the total amount of the step rates from $3.186 million to $3.351 million.

6. The increase is based on project costs of $26.246 million, which is less than the total project cost estimate of $28.270 million.

7. The Company would absorb the carrying cost for this difference and seek to include the difference in costs in its rate base in its next rate case to be filed following expiration of the current rate moratorium on March 1, 2001. Commission Staff and CAD will be free to take any position they deem appropriate as to the inclusion of the incremental amount in the Company's rate base.

8. If the changes are approved, the Company would file supporting calculations and tariff sheets for the first step rate increase no later than July 15, 2000 and include in such filing CWIP through July 15, 2000. The Company would file true-up calculations for CWIP through August 15, 2000 and tariff sheets for the second step rate increase as soon as such information becomes available, and not to exceed the total project cost of $26.246 million.

9. Staff and CAD do not object to the Company's requests.

10. On February 19, 1999, Commission Staff filed its Initial and Final Joint Staff Memorandum in this proceeding. Staff recommended that the Company's requests be granted and that it be permitted to change the implementation and amounts of the step rate increases related to the Fayette County project.

Public Service Commission
of West Virginia
Charleston

CONCLUSION OF LAW

Upon review of the Company's filing, and the Staff recommendation, the Commission deems the requested changes to the step rates related to this Project reasonable and will grant this petition.

ORDER

IT IS THEREFORE ORDERED that the Company's petition for consent and approval for changes to the scope, terms and/or financing of the Fayette County project is hereby granted and the Company shall be permitted to implement step rate increases for recovery of $3.351 million instead of the $3.186 million previously authorized in Case No. 96-1477-W-PWD-PC-CN.

IT IS FURTHER ORDERED that the Company shall file supporting calculations and tariff sheets for the first step rate increase no later than July 15, 2000 and include in such filing CWIP through July 15, 2000.

IT IS FURTHER ORDERED that the Company shall file true-up calculations for CWIP through August 15, 2000 and tariff sheets for the second step rate increase as soon as such information becomes available.

IT IS FURTHER ORDERED that upon Commission approval of each of the Company's supporting calculations to be filed by July 15, 2000 and true-up calculations to be filed as soon as possible, the Company shall be authorized to implement the first step rate increase on September 15, 1999, and implement the second, true-up, rate increase on September 1, 2000.

IT IS FURTHER ORDERED that the increased step rates are based on total project costs of $26.246 million although actual costs are estimated at $28.270 million.

IT IS FURTHER ORDERED that the Company may seek inclusion of the incremental cost of this project, above $26.246 million, in its rate base calculation submitted in its next rate proceeding.

IT IS FURTHER ORDERED that Commission Staff and CAD are free to take any position they deem appropriate as to the Company's inclusion of the incremental amount in rate base in the Company's next rate proceeding.

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

Public Service Commission
of West Virginia
Charleston

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

JML/seg
990146c.wpd

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 12th day of April, 1999.

CASE NO. 99-0146-W-PC

WEST VIRGINIA-AMERICAN WATER COMPANY
NEW HAVEN PUBLIC SERVICE DISTRICT AND
THE COUNTY COMMISSION OF FAYETTE COUNTY
Petition for consent and approval for changes to the scope, terms and/or financing of the Fayette County project pursuant to the Commission Order in Case No. 96-1477-PSD-PC-CN entered September 12, 1997.

AMENDED COMMISSION ORDER

By Order issued March 12, 1999, the Commission granted the Motion of the West Virginia-American Water Company (Company) to change the implementation dates and amounts of the step rate increases previously approved in Case No. 96-1477-PSD-PC-CN, to finance costs of the Company's Fayette County project.

On March 18, 1999, the Company filed a letter requesting certain changes to the Commission's Order.

The Commission will reissue the Order in its entirety, as follows.

Company also proposes to increase the total amount of the step rate increases from $3.186 million to $3.351 million. The increase is based on project costs of $26.246 million, which is less than the actual total project cost estimate of $28.270 million. The Company proposes to absorb the carrying cost for this difference and will seek to include the difference in costs in its rate base in its next rate case to be filed following expiration of the current rate moratorium on March 1, 2001. Commission Staff and CAD will be free to take any position they deem appropriate as to inclusion of the incremental amount in the Company's rate base.

If the Commission grants the authority requested in the Company's current filing, the Company will file supporting calculations and tariff sheets for the first step rate increase no later than July 1, 1999 and include in such filing CWIP through May 31, 1999 and estimates of CWIP through July 31, 1999. The Company will file true-up calculations for CWIP through July 31, 1999, as soon as such information becomes available. The Company will file supporting calculations and tariff sheets for the second, true-up step rate increase no later than July 15, 2000, to include CWIP through July 15, 2000, and estimates of CWIP through completion of the Project. Actual CWIP through August 15, 2000 will be filed as soon as such information becomes available. Taken all together, the CWIP amounts filed in support of both step rate increases shall not exceed the total Project cost of $26.246 million.

Public Service Commission
of West Virginia

increases previously approved in Case No. 96-1477-W-PWD-PC-CN, to finance costs of the Company's Fayette County project. The Company's requests are based on the fact that whereas the original estimate of the Company's project costs was $23.51 million, final costs based on bids received are $28.270 million.

2. As approved in Case No. 96-1477-PSD-PC-CN, the schedule of step rate increases permitted the Company to recover a total of $3.186 million through step rate increases as follows: (1) effective July 15, 1999, the Company was to implement a step rate increase based on actual costs for work in progress (CWIP) as of May 31, 1999, and (2) effective when the project was certified as complete, which was then estimated to be on or about January 1. 2000, the Company was to implement a second step rate increase based on total CWIP expended.

3. The September 12, 1997 Order in Case No. 96-1477-PSD-PC-CN stated that "if there are any changes to the scope, terms or financing of the Project as contemplated in the Joint Application or in the Stipulation, the joint applicants shall petition the Commission for approval of such changes prior to beginning construction."

4. In the current filing, the Company proposes to delay implementation of the first step rate increase from July 15, 1999 to September 15, 1999, and delay implementation of the second, true-up, rate increase from January 1, 2000 to September

Public Service Commission
of West Virginia

2000 will be filed as soon as such information becomes available.

8. Taken all together, the CWIP amounts filed in support of both step rate increases shall not exceed total project cost of $26.246 million.

9. The Company's January 22, 1999 filing states that the Company has consulted with Staff and CAD regarding the relief requested in this filing, and that neither party objects to the Company's requests.

10. On February 19, 1999, Commission Staff filed its Initial and Final Joint Staff Memorandum in this proceeding. Staff recommended that the Company's requests be granted and that it be permitted to change the implementation and amounts of the step rate increases related to the Fayette County project.

CONCLUSIONS OF LAW

1. The Commission's Order issued March 12, 1999 should be replaced in its entirety with this Order.

2. Upon Commission review of the calculations filed in support of the first step rate increase, the Company will be allowed to implement the first step rate increase on

Public Service Commission
of West Virginia

IT IS FURTHER ORDERED that the Company will file supporting calculations and tariff sheets for the first step rate increase no later than July 1, 1999 and include in such filing CWIP through May 31, 1999 and estimates of CWIP through July 31, 1999.

IT IS FURTHER ORDERED that the Company will file true-up calculations for CWIP through July 31, 1999, as soon as such information becomes available.

IT IS FURTHER ORDERED that upon Commission review of the calculations in support of the first step rate increase, the Company may implement the first step rate increase on September 15, 1999.

IT IS FURTHER ORDERED that the Company will file supporting calculations and tariff sheets for the second, true-up step rate increase no later than July 15, 2000, to include CWIP through July 15, 2000, and estimates of CWIP through completion of the Project.

IT IS FURTHER ORDERED that the Company will file actual CWIP through August 15, 2000 as soon as such information becomes available, but not to exceed the total Project cost of $26.246 million.

Public Service Commission

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

A True Copy, Teste:

Sandra Squire
Executive Secretary

JMLseg
990146ca.wpd

West Virginia Infrastructure & Jobs Development Council

Public Members:
James D. Williams, Chairman
St. Albans
William J. Harman, PE, Vice Chairman
Grafton
Dwight Calhoun
Petersburg
Tim Rutledge
Gilbert

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

Katy Mallory, PE
Executive Secretary

KMallory@ezwv.com

September 6, 2000

W.D. Smith
Region 4 Planning and Development
500 B Main Street
Summersville, WV 26651

Re: New Haven Public Service District
Regional Water Project 95W-108
Contracts 8, 10, 11a, and 11b

Dear Mr. Smith:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the New Haven Public Service District's (the "District") request for revised funding for proposed project contracts 8, 10, 11a and 11b for Turkey Creek, Big Creek and Sanger extensions and an interconnection between Oakhill and Salem Gatewood Public Service District (the "Project").

Upon consideration of the request, the Council recommends that the District utilize a Drinking Water Treatment Revolving Fund loan of $767,354, utilize a Corps of Engineers grant of $1,877,226 and pursue a Water Development Authority loan of $1,555,000 to finance the Project. Please contact the Water Development Authority at 558-3612 for specific information on the steps the District needs to follow to apply for these funds. **Please note that this letter <u>does not</u> constitute funding approval from these agencies.**

If you have any questions regarding this matter, please contact Katy Mallory at 558-4607.

Sincerely,

James D. Williams

JDW/km

cc: Ken Hayes, New Haven PSD
Ed Shutt, Stafford Consultants
Walt Ivey, PE, BPH
Bernie Yonkosky, WDA
Dan Bickerton, WVAWC

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 C (West Virginia Water Development Authority) and
Series 2000 D (West Virginia DWTRF Program)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

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

1. On the 21st day of September, 2000, the Authority received the Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), of the Issuer, in the principal amount of $1,605,000, numbered CR-1 (the "Series 2000 C Bonds"), and the Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program), of the Issuer, in the principal amount of $767,354, numbered DR-1 (the "Series 2000 D Bonds"), both issued as a single, fully registered Bond, and both dated September 21, 2000.

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

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2000 C Bonds, of the purchase price of $1,510,000 (which includes capitalized interest of $101,299 deposited directly with the West Virginia Municipal Bond Commission). The purchase price of $1,510,000 for the Series 2000 C Bonds was calculated by subtracting the WDA Costs of Issuance ($54,408.50) and Original Issue Discount ($40,591.50) from the par amount of the Series 2000 C Bonds ($1,605,000).

4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2000 D Bonds, of $38,389, being a portion of the principal amount of the Series 2000 D Bonds. The balance of the principal amount of the Series 2000 D Bonds will be advanced by the Authority and the West Virginia Bureau for Public Health to the Issuer as acquisition and construction of the Project progresses.

WITNESS our respective signatures on this 21st day of September, 2000.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

NEW HAVEN PUBLIC SERVICE DISTRICT

Chairman

09/15/00
658590/00001

CH634425.2

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 C (West Virginia Water Development Authority) and
Series 2000 D (West Virginia DWTRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

There are delivered to you herewith on this 21st day of September, 2000:

(1) Bond No. CR-1, constituting the entire original issue of New Haven Public Service District Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), in the principal amount of $1,605,000 (the "Series 2000 C Bonds"), and Bond No. DR-1, constituting the entire original issue of New Haven Public Service District Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program), in the principal amount of $767,354 (the "Series 2000 D Bonds"), each dated September 21, 2000 (collectively, the "Bonds"), executed by the Chairman and Secretary of New Haven Public Service District (the "Issuer") and bearing the official seal of the Issuer, respectively authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on September 18, 2000, and a Supplemental Resolution duly adopted by the Issuer on September 18, 2000 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of a loan agreement for the Series 2000 C Bonds, dated September 21, 2000, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), and a loan agreement for the Series 2000 D Bonds, dated September 21, 2000, by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH") (collectively, the "Loan Agreements"); and

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

You are hereby requested and authorized to deliver the Series 2000 C Bonds to the Authority upon payment to the Issuer of the sum of $1,510,000 representing the agreed purchase price of the Series 2000 C Bonds. You are also hereby requested and authorized to deliver the Series 2000 D Bonds to the Authority upon payment to the Issuer of the sum of $38,388.65, representing a portion of the principal amount of the Series 2000 D Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

NEW HAVEN PUBLIC SERVICE DISTRICT

Chairman

09/15/00
658590/00001

CH634430.2

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW HAVEN PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2000 C
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. CR-1

$1,605,000

KNOW ALL MEN BY THESE PRESENTS: That NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION SIX HUNDRED FIVE THOUSAND DOLLARS ($1,605,000), in annual installments on June 1 of each year, commencing June 1, 2002, as set forth on the "Debt Service Schedule" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A. The Administrative Fee (as defined in the hereafter described Bond Legislation) on this Bond shall be payable semiannually on December 1 and June 1 of each year, commencing December 1, 2000, as set forth on Exhibit A attached hereto.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on December 1 and June 1 of each year, commencing December 1, 2000, as set forth on Exhibit A 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 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 between the Issuer and the Authority, dated September 21, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (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; and (iii) to pay certain costs of issuance hereof and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on September 18, 2000, and a Supplemental Resolution duly adopted by the Issuer on September 18, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 2, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,241,000 (THE "SERIES 2000 A BONDS"); (2) WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 2, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,004,675 (THE "SERIES 2000 B BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2000 D (WEST VIRGINIA DWTRF PROGRAM), DATED SEPTEMBER 21, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $767,354 (THE "SERIES 2000 D BONDS").

THE SERIES 2000 A BONDS AND THE SERIES 2000 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 D Bonds and the Prior Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation and as

long as the Agreement (as defined in the Bond Legislation) is in place, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 100% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 D Bonds and the Prior Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2000 C Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of 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, NEW HAVEN 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 September 21, 2000.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 C 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: September 21, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

Authorized Officer

SPECIMEN

EXHIBIT A

FINAL

New Haven Public Service District (West Virginia)

WDA Loan of $1,605,000

WDA Administrative Fee of 1.75% of Annual Debt Service

(Annual Use Fee not to exceed $107,000)

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Admin Fee	Total
12/01/2000	-	-	25,053.61	-	25,053.61
6/01/2001	-	-	44,650.00	1,219.82	45,869.82
12/01/2001	-	-	44,650.00	-	44,650.00
6/01/2002	15,000.00	4.500%	44,650.00	1,825.25	61,475.25
12/01/2002	-	-	44,312.50	-	44,312.50
6/01/2003	15,000.00	4.600%	44,312.50	1,813.44	61,125.94
12/01/2003	-	-	43,967.50	-	43,967.50
6/01/2004	15,000.00	4.650%	43,967.50	1,801.37	60,768.87
12/01/2004	-	-	43,618.75	-	43,618.75
6/01/2005	15,000.00	4.700%	43,618.75	1,789.16	60,407.91
12/01/2005	-	-	43,266.25	-	43,266.25
6/01/2006	15,000.00	4.750%	43,266.25	1,776.82	60,043.07
12/01/2006	-	-	42,910.00	-	42,910.00
6/01/2007	15,000.00	4.800%	42,910.00	1,764.35	59,674.35
12/01/2007	-	-	42,550.00	-	42,550.00
6/01/2008	15,000.00	4.900%	42,550.00	1,751.75	59,301.75
12/01/2008	-	-	42,182.50	-	42,182.50
6/01/2009	20,000.00	5.000%	42,182.50	1,826.39	64,008.89
12/01/2009	-	-	41,682.50	-	41,682.50
6/01/2010	20,000.00	5.000%	41,682.50	1,808.89	63,491.39
12/01/2010	-	-	41,182.50	-	41,182.50
6/01/2011	20,000.00	5.000%	41,182.50	1,791.39	62,973.89
12/01/2011	-	-	40,682.50	-	40,682.50
6/01/2012	20,000.00	5.125%	40,682.50	1,773.89	62,456.39
12/01/2012	-	-	40,170.00	-	40,170.00
6/01/2013	20,000.00	5.250%	40,170.00	1,755.95	61,925.95
12/01/2013	-	-	39,645.00	-	39,645.00
6/01/2014	25,000.00	5.375%	39,645.00	1,825.08	66,470.08
12/01/2014	-	-	38,973.13	-	38,973.13
6/01/2015	25,000.00	5.875%	38,973.13	1,801.56	65,774.69
12/01/2015	-	-	38,238.75	-	38,238.75
6/01/2016	25,000.00	5.875%	38,238.75	1,775.86	65,014.61
12/01/2016	-	-	37,504.38	-	37,504.38
6/01/2017	25,000.00	5.875%	37,504.38	1,750.16	64,254.54
12/01/2017	-	-	36,770.00	-	36,770.00
6/01/2018	30,000.00	5.875%	36,770.00	1,811.95	68,581.95
12/01/2018	-	-	35,888.75	-	35,888.75
6/01/2019	30,000.00	5.875%	35,888.75	1,781.11	67,669.86
12/01/2019	-	-	35,007.50	-	35,007.50
6/01/2020	30,000.00	5.875%	35,007.50	1,750.27	66,757.77
12/01/2020	-	-	34,126.25	-	34,126.25
6/01/2021	35,000.00	5.625%	34,126.25	1,806.92	70,933.17
12/01/2021	-	-	33,141.88	-	33,141.88
6/01/2022	35,000.00	5.625%	33,141.88	1,772.47	69,914.35

FINAL

New Haven Public Service District (West Virginia)

WDA Loan of $1,605,000

WDA Administrative Fee of 1.75% of Annual Debt Service

(Annual Use Fee not to exceed $107,000)

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Admin Fee	Total
12/01/2022	-	-	32,157.50	-	32,157.50
6/01/2023	40,000.00	5.625%	32,157.50	1,825.52	73,983.02
12/01/2023	-	-	31,032.50	-	31,032.50
6/01/2024	40,000.00	5.625%	31,032.50	1,786.14	72,818.64
12/01/2024	-	-	29,907.50	-	29,907.50
6/01/2025	45,000.00	5.625%	29,907.50	1,834.27	76,741.77
12/01/2025	-	-	28,641.88	-	28,641.88
6/01/2026	45,000.00	5.625%	28,641.88	1,789.97	75,431.85
12/01/2026	-	-	27,376.25	-	27,376.25
6/01/2027	50,000.00	5.625%	27,376.25	1,833.17	79,209.42
12/01/2027	-	-	25,970.00	-	25,970.00
6/01/2028	50,000.00	5.625%	25,970.00	1,783.95	77,753.95
12/01/2028	-	-	24,563.75	-	24,563.75
6/01/2029	55,000.00	5.625%	24,563.75	1,822.24	81,385.99
12/01/2029	-	-	23,016.88	-	23,016.88
6/01/2030	55,000.00	5.625%	23,016.88	1,768.10	79,784.98
12/01/2030	-	-	21,470.00	-	21,470.00
6/01/2031	60,000.00	5.650%	21,470.00	1,801.45	83,271.45
12/01/2031	-	-	19,775.00	-	19,775.00
6/01/2032	60,000.00	5.650%	19,775.00	1,742.13	81,517.13
12/01/2032	-	-	18,080.00	-	18,080.00
6/01/2033	65,000.00	5.650%	18,080.00	1,770.30	84,850.30
12/01/2033	-	-	16,243.75	-	16,243.75
6/01/2034	70,000.00	5.650%	16,243.75	1,793.54	88,037.29
12/01/2034	-	-	14,266.25	-	14,266.25
6/01/2035	75,000.00	5.650%	14,266.25	1,811.82	91,078.07
12/01/2035	-	-	12,147.50	-	12,147.50
6/01/2036	80,000.00	5.650%	12,147.50	1,825.17	93,972.67
12/01/2036	-	-	9,887.50	-	9,887.50
6/01/2037	80,000.00	5.650%	9,887.50	1,746.07	91,633.57
12/01/2037	-	-	7,627.50	-	7,627.50
6/01/2038	85,000.00	5.650%	7,627.50	1,754.47	94,381.97
12/01/2038	-	-	5,226.25	-	5,226.25
6/01/2039	90,000.00	5.650%	5,226.25	1,757.92	96,984.17
12/01/2039	-	-	2,683.75	-	2,683.75
6/01/2040	95,000.00	5.650%	2,683.75	1,756.44	99,440.19
Total	1,605,000.00	-	2,450,792.41	70,976.52*	4,126,768.93

*The Administrative Fee is payable semiannually on June 1 and December 1.

(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:

_____

09/15/00
658590/00001

STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER
SEVENTH FLOOR
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

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

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

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

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

THE RIVERS OFFICE PARK
200 STAR AVENUE, SUITE 220
P. O. BOX 628
PARKERSBURG, W. VA. 26102-0628
(304) 422-6483
FACSIMILE (304) 422-6482

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

WRITER'S DIRECT DIAL NUMBER

September 21, 2000

New Haven Public Service District
Water Revenue Bonds, Series 2000 C
(West Virginia Water Development Authority)

New Haven Public Service District
Lansing, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by New Haven Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $1,605,000 Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated September 21, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable June 1 and December 1 of each year, commencing December 1, 2000, at the rates per annum set forth on the Schedule Y attached to the Loan Agreement, which rates shall not exceed 5.9%, and with principal installments payable on June 1 of each year, commencing June 1, 2002, and ending June 1, 2040, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds are subject to the Administrative Fee payable semiannually on June 1 and December 1 of each year, commencing December 1, 2000, as set forth in the Schedule Y attached to the Loan Agreement.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) paying interest on the Bonds during the construction of the Project and for not more than 6 months thereafter; and (iii) paying certain costs of issuance of the Bonds and related costs.

We have also examined an executed Letter of Credit issued September 21, 2000, in the stated amount of $104,815 (the "Letter of Credit") by One Valley Bank, National Association, Charleston, West Virginia, for funding the Series 2000 C Bonds Reserve Account.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on September 18, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on September 18, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

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

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

System, on a parity with the pledge of Net Revenues in favor of the holders of the Issuer's Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated March 2, 2000, Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated March 2, 2000, and Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program), issued concurrently herewith, unexpended proceeds of the Bonds and proceeds of the Letter of Credit, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,

STEPTOE & JOHNSON

09/15/00
658590/00001

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto The Bank of New York, New York, New York, the New Haven Public Service District Water Revenue Bonds, Series 2000 C, numbered CR-1, standing in the name of the West Virginia Water Development Authority on the books of registration of said Governmental Agency.

Dated: September 21, 2000

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
NEW HAVEN PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2000 D
(WEST VIRGINIA DWTRF PROGRAM)

No. DR-1 $767,354

KNOW ALL MEN BY THESE PRESENTS: That NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette 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 SEVEN HUNDRED SIXTY SEVEN THOUSAND THREE HUNDRED FIFTY FOUR DOLLARS ($767,354), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH") and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated September 21, 2000.

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

"System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on September 18, 2000, and a Supplemental Resolution duly adopted by the Issuer on September 18, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), DATED MARCH 2, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,241,000 (THE "SERIES 2000 A BONDS"); (2) WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 2, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $9,004,675 (THE "SERIES 2000 B BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2000 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED SEPTEMBER 21, 2000, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,605,000 (THE "SERIES 2000 C BONDS").

THE SERIES 2000 A BONDS AND THE SERIES 2000 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 C Bonds and the Prior Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation and as long as the Agreement (as defined in the Bond Legislation) is in place, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 100% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other

obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 C Bonds and the Prior Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2000 D Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, NEW HAVEN 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 September 21, 2000.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 D 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: September 21, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$38,389	09/21/00	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

New Haven Public Service District (West Virginia)

DWTRF Loan of $767,354
30 Years, 0% Interest Rate, 1% Administrative Fee
Closing Date: September 21, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	-	-	-
9/01/2001	6,395.00	-	6,395.00
12/01/2001	6,395.00	-	6,395.00
3/01/2002	6,395.00	-	6,395.00
6/01/2002	6,395.00	-	6,395.00
9/01/2002	6,395.00	-	6,395.00
12/01/2002	6,395.00	-	6,395.00
3/01/2003	6,395.00	-	6,395.00
6/01/2003	6,395.00	-	6,395.00
9/01/2003	6,395.00	-	6,395.00
12/01/2003	6,395.00	-	6,395.00
3/01/2004	6,395.00	-	6,395.00
6/01/2004	6,395.00	-	6,395.00
9/01/2004	6,395.00	-	6,395.00
12/01/2004	6,395.00	-	6,395.00
3/01/2005	6,395.00	-	6,395.00
6/01/2005	6,395.00	-	6,395.00
9/01/2005	6,395.00	-	6,395.00
12/01/2005	6,395.00	-	6,395.00
3/01/2006	6,395.00	-	6,395.00
6/01/2006	6,395.00	-	6,395.00
9/01/2006	6,395.00	-	6,395.00
12/01/2006	6,395.00	-	6,395.00
3/01/2007	6,395.00	-	6,395.00
6/01/2007	6,395.00	-	6,395.00
9/01/2007	6,395.00	-	6,395.00
12/01/2007	6,395.00	-	6,395.00
3/01/2008	6,395.00	-	6,395.00
6/01/2008	6,395.00	-	6,395.00
9/01/2008	6,395.00	-	6,395.00
12/01/2008	6,395.00	-	6,395.00
3/01/2009	6,395.00	-	6,395.00
6/01/2009	6,395.00	-	6,395.00
9/01/2009	6,395.00	-	6,395.00
12/01/2009	6,395.00	-	6,395.00
3/01/2010	6,395.00	-	6,395.00
6/01/2010	6,395.00	-	6,395.00
9/01/2010	6,395.00	-	6,395.00
12/01/2010	6,395.00	-	6,395.00
3/01/2011	6,395.00	-	6,395.00
6/01/2011	6,395.00	-	6,395.00
9/01/2011	6,395.00	-	6,395.00
12/01/2011	6,395.00	-	6,395.00
3/01/2012	6,395.00	-	6,395.00

New Haven Public Service District (West Virginia)

DWTRF Loan of $767,354

30 Years, 0% Interest Rate, 1% Administrative Fee

Closing Date: September 21, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2012	6,395.00	-	6,395.00
9/01/2012	6,395.00	-	6,395.00
12/01/2012	6,395.00	-	6,395.00
3/01/2013	6,395.00	-	6,395.00
6/01/2013	6,395.00	-	6,395.00
9/01/2013	6,395.00	-	6,395.00
12/01/2013	6,395.00	-	6,395.00
3/01/2014	6,395.00	-	6,395.00
6/01/2014	6,395.00	-	6,395.00
9/01/2014	6,395.00	-	6,395.00
12/01/2014	6,395.00	-	6,395.00
3/01/2015	6,395.00	-	6,395.00
6/01/2015	6,395.00	-	6,395.00
9/01/2015	6,395.00	-	6,395.00
12/01/2015	6,395.00	-	6,395.00
3/01/2016	6,395.00	-	6,395.00
6/01/2016	6,395.00	-	6,395.00
9/01/2016	6,395.00	-	6,395.00
12/01/2016	6,395.00	-	6,395.00
3/01/2017	6,395.00	-	6,395.00
6/01/2017	6,395.00	-	6,395.00
9/01/2017	6,395.00	-	6,395.00
12/01/2017	6,395.00	-	6,395.00
3/01/2018	6,395.00	-	6,395.00
6/01/2018	6,395.00	-	6,395.00
9/01/2018	6,395.00	-	6,395.00
12/01/2018	6,395.00	-	6,395.00
3/01/2019	6,395.00	-	6,395.00
6/01/2019	6,395.00	-	6,395.00
9/01/2019	6,395.00	-	6,395.00
12/01/2019	6,395.00	-	6,395.00
3/01/2020	6,394.00	-	6,394.00
6/01/2020	6,394.00	-	6,394.00
9/01/2020	6,394.00	-	6,394.00
12/01/2020	6,394.00	-	6,394.00
3/01/2021	6,394.00	-	6,394.00
6/01/2021	6,394.00	-	6,394.00
9/01/2021	6,394.00	-	6,394.00
12/01/2021	6,394.00	-	6,394.00
3/01/2022	6,394.00	-	6,394.00
6/01/2022	6,394.00	-	6,394.00
9/01/2022	6,394.00	-	6,394.00
12/01/2022	6,394.00	-	6,394.00
3/01/2023	6,394.00	-	6,394.00
6/01/2023	6,394.00	-	6,394.00
9/01/2023	6,394.00	-	6,394.00

New Haven Public Service District (West Virginia)

DWTRF Loan of $767,354

30 Years, 0% Interest Rate, 1% Administrative Fee

Closing Date: September 21, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2023	6,394.00	-	6,394.00
3/01/2024	6,394.00	-	6,394.00
6/01/2024	6,394.00	-	6,394.00
9/01/2024	6,394.00	-	6,394.00
12/01/2024	6,394.00	-	6,394.00
3/01/2025	6,394.00	-	6,394.00
6/01/2025	6,394.00	-	6,394.00
9/01/2025	6,394.00	-	6,394.00
12/01/2025	6,394.00	-	6,394.00
3/01/2026	6,394.00	-	6,394.00
6/01/2026	6,394.00	-	6,394.00
9/01/2026	6,394.00	-	6,394.00
12/01/2026	6,394.00	-	6,394.00
3/01/2027	6,394.00	-	6,394.00
6/01/2027	6,394.00	-	6,394.00
9/01/2027	6,394.00	-	6,394.00
12/01/2027	6,394.00	-	6,394.00
3/01/2028	6,394.00	-	6,394.00
6/01/2028	6,394.00	-	6,394.00
9/01/2028	6,394.00	-	6,394.00
12/01/2028	6,394.00	-	6,394.00
3/01/2029	6,394.00	-	6,394.00
6/01/2029	6,394.00	-	6,394.00
9/01/2029	6,394.00	-	6,394.00
12/01/2029	6,394.00	-	6,394.00
3/01/2030	6,394.00	-	6,394.00
6/01/2030	6,394.00	-	6,394.00
9/01/2030	6,394.00	-	6,394.00
12/01/2030	6,394.00	-	6,394.00
3/01/2031	6,394.00	-	6,394.00
6/01/2031	6,394.00	-	6,394.00
Total	767,354.00	-	767,354.00 *

*Plus $967.15 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $116,058.

(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:

_____

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WRITER'S DIRECT DIAL NUMBER

September 21, 2000

New Haven Public Service District
Water Revenue Bonds, Series 2000 D
(West Virginia DWTRF Program)

New Haven Public Service District
Lansing, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by New Haven Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $767,354 Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of the loan agreement for the Bonds, dated September 21, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, and ending June 1, 2031, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 16,

Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance for the Bonds and related costs.

We have also examined an executed Letter of Credit issued September 21, 2000, in the stated amount of $51,160 (the "Letter of Credit") by One Valley Bank, National Association, Charleston, West Virginia, for funding the Series 2000 D Bonds Reserve Account.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on September 18, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on September 18, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

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

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Issuer's Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated March 2, 2000, Water Revenue Bonds,

Series 2000 B (West Virginia Infrastructure Fund), dated March 2, 2000, and Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), issued concurrently herewith, unexpended proceeds of the Bonds and proceeds of the Letter of Credit, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,

STEPTOE & JOHNSON

09/14/00
658590/00001

CH635247.2

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code:

1 Debtor(s) (Last Name First) and address(es)	2 Secured Party(ies) and address(es)	3 Maturity date (if any): 6/1/2040 For Filing Officer (Date, Time, Number and Filing Office)
New Haven Public Service District Fayette County Courthouse Fayetteville, WV 25840	West Virginia Water Development Authority 180 Association Drive Charleston, WV 25311	0547861 attachment 00 SEP 28 PM 4:17 WV SEC. OF STATE FILED

4 This financing statement covers the following types (or items) of property:

See Schedule I attached hereto and made a part hereof

ASSIGNEE OF SECURED PARTY

Check [X] if covered: [X] Proceeds of Collateral are also covered [X] Products of Collateral are also covered No. of additional Sheets presented:

Filed with: Secretary of State of the State of West Virginia

New Haven Public Service District

By _____ Signature(s) of Debtor(s)

Chairman

West Virginia Water Development Authority
~~West Virginia Water Development~~

By _____ Signature(s) of Secured Party(ies)

Director

2 FILING OFFICER COPY - NUMERICAL

SCHEDULE I
TO FINANCING STATEMENT

All Net Revenues from the System; the System; all funds in the Revenue Fund, the Series 2000 C Bonds Construction Trust Fund, the Series 2000 C Bonds Sinking Fund, the Series 2000 C Bonds Reserve Account, the Series 2000 D Bonds Construction Trust Fund, the Series 2000 D Bonds Sinking Fund, the Series 2000 D Bonds Reserve Account; and all funds therein deposited from time to time; and all proceeds of the foregoing.

For the purposes of this financing statement, these terms are defined as follows:

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

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

"Revenue Fund" means the Revenue Fund created by the Prior Resolution and continued by the Bond Resolution as described below.

"Series 2000 C Bonds Construction Trust Fund" means the Series 2000 C Bonds Construction Trust Fund established by Section 5.01 of the Bond Resolution as described below.

"Series 2000 C Bonds Reserve Account" means the Series 2000 C Bonds Reserve Account established by Section 5.02 of the Bond Resolution as described below.

"Series 2000 C Bonds Sinking Fund" means the Series 2000 C Bond Sinking Fund established by Section 5.02 of the Bond Resolution as described below.

"Series 2000 D Bonds Construction Trust Fund" means the Series 2000 D Bonds Construction Trust Fund established by Section 5.01 of the Bond Resolution as described below.

"Series 2000 D Bonds Reserve Account" means the Series 2000 D Bonds Reserve Account established by Section 5.02 of the Bond Resolution as described below.

"Series 2000 D Bonds Sinking Fund" means the Series 2000 D Bonds Sinking Fund established by Section 5.02 of the Bond Resolution as described below.

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

Other terms used in this Schedule I and not defined herein shall have the meanings ascribed to them in the Bond Resolution authorizing the New Haven Public Service District Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority) and Series 2000 D (West Virginia DWTRF Program), a copy of which is on file and may be inspected at the office of the Secured Party indicated above.

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WRITER'S DIRECT DIAL NUMBER

September 21, 2000

New Haven Public Service District
Water Revenue Bonds, Series 2000 C
(West Virginia Water Development Authority)

New Haven Public Service District
Lansing, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by New Haven Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $1,605,000 Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated September 21, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable June 1 and December 1 of each year, commencing December 1, 2000, at the rates per annum set forth on the Schedule Y attached to the Loan Agreement, which rates shall not exceed 5.9%, and with principal installments payable on June 1 of each year, commencing June 1, 2002, and ending June 1, 2040, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds are subject to the Administrative Fee payable semiannually on June 1 and December 1 of each year, commencing December 1, 2000, as set forth in the Schedule Y attached to the Loan Agreement.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) paying interest on the Bonds during the construction of the Project and for not more than 6 months thereafter; and (iii) paying certain costs of issuance of the Bonds and related costs.

We have also examined an executed Letter of Credit issued September 21, 2000, in the stated amount of $104,815 (the "Letter of Credit") by One Valley Bank, National Association, Charleston, West Virginia, for funding the Series 2000 C Bonds Reserve Account.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on September 18, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on September 18, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

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

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

System, on a parity with the pledge of Net Revenues in favor of the holders of the Issuer's Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated March 2, 2000, Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated March 2, 2000, and Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program), issued concurrently herewith, unexpended proceeds of the Bonds and proceeds of the Letter of Credit, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,

STEPTOE & JOHNSON

09/15/00
658590/00001

STEPTOE & JOHNSON
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WRITER'S DIRECT DIAL NUMBER

September 21, 2000

New Haven Public Service District
Water Revenue Bonds, Series 2000 D
(West Virginia DWTRF Program)

New Haven Public Service District
Lansing, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by New Haven Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $767,354 Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of the loan agreement for the Bonds, dated September 21, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2001, and ending June 1, 2031, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 16,

Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance for the Bonds and related costs.

We have also examined an executed Letter of Credit issued September 21, 2000, in the stated amount of $51,160 (the "Letter of Credit") by One Valley Bank, National Association, Charleston, West Virginia, for funding the Series 2000 D Bonds Reserve Account.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on September 18, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on September 18, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

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

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Issuer's Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated March 2, 2000, Water Revenue Bonds,

Series 2000 B (West Virginia Infrastructure Fund), dated March 2, 2000, and Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), issued concurrently herewith, unexpended proceeds of the Bonds and proceeds of the Letter of Credit, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,

STEPTOE & JOHNSON

09/14/00
658590/00001

CH635247.2

LAW OFFICES OF
PHILIP J. TISSUE
303 Jones Avenue
Oak Hill, West Virginia 25901
(304) 469-4431

September 21, 2000

New Haven Public Service District
Water Revenue Bonds,
Series 2000 C (West Virginia Water Development Authority) and
Series 2000 D (West Virginia DWTRF Program)

New Haven Public Service District
Lansing, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Steptoe & Johnson
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to New Haven Public Service District, a public service district in Fayette County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, a loan agreement for the Series 2000 C Bonds, dated September 21, 2000, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), a loan agreement for the Series 2000 D Bonds, dated September 21, 2000, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH") (collectively, the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on September 18, 2000, the Supplemental Resolution duly adopted by the Issuer on September 18, 2000, (collectively, the "Bond Legislation"), the Agreement dated November 27, 1996, by and between the Issuer and West Virginia-American Water Company, including all amendments (collectively the "Agreement"), the Letters of Credit dated September 21, 2000, in the respective stated amounts of $104,815 and $51,160, from One Valley Bank, National Association, Charleston, West Virginia (collectively, the "Letter of Credit"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds") and orders of The County Commission of Fayette County relating to the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used herein

and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

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

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

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

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

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

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

7. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer including, without limitation, all requisite orders, consents, certificates and approvals from The County Commission of Fayette County, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia.

8. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Agreement, the Letter of Credit, the Bonds and the Bond Legislation, the acquisition and construction of the Project, the operation of the System or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

9. All successful bidders have made the required provisions for all insurance and payment and performance bonds and such insurance policies and binders and such bonds have been verified for accuracy. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such

surety bonds and polices (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

PHILIP J. TISSUE, ESQUIRE

LAW OFFICES OF
PHILIP J. TISSUE

303 JONES AVENUE
OAK HILL, WEST VIRGINIA 25901

TELEPHONE 304/469-4431 • FAX 304/469-4844
ptissue@inetone.net

September 18, 2000

FILE NO.
547

New Haven Public Service District
P.O. Box 89
Lansing, West Virginia 25862

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

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, West Virginia 25307-2616

Re: New Haven Public Service District, a public corporation
Fayette County Regional Water Project 95W-108
Contracts 8, 10, 11

Dear Ladies and Gentlemen:

I represent New Haven Public Service District with regard to a continuing project to construct a new regional water treatment and distribution system to serve significant numbers of new customers in Fayette County, West Virginia (the "Project"), and provide this final title opinion on behalf of New Haven Public Service District to satisfy the requirements of the West Virginia Bureau of Public Health and the West Virginia Water Development Authority for the Project. Please be advised of the following:

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

2. That the New Haven Public Service District has obtained all necessary permits and approvals for the construction of the Project.

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

4. That I have examined the records on file in the Office of the Clerk of the County Commission of Fayette County, West Virginia, the county in which the Project is to be located, and, in my opinion, the New Haven Public Service District has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all of the easements and/or rights of way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project, subject to any change orders as may be found to be necessary and proper during construction.

5. That all deeds or other documents which have been acquired to date by the New Haven Public Service District have been duly recorded in the aforesaid Clerk's Office in order to protect the legal interest of the New Haven Public Service District.

6. That New Haven Public Service District has obtained from the West Virginia Department of Highways a permit authorizing the construction of the Project as described in the plans upon, over and through public rights of way as shown in the plans.

If you have any questions regarding any of the information contained in this final title opinion, or need anything further whatsoever from me prior to authorizing this Project for bid, please do not hesitate to let me know.

Very truly yours,

Philip J. Tissue

PJT:bmh

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256 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
TELEPHONE 304-455-1751

6000 HAMPTON CENTER
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-599-3000

412 MARKET STREET
PARKERSBURG, WEST VIRGINIA 26101
TELEPHONE 304-424-3490

1000 TECHNOLOGY DRIVE
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-2000

1144 MARKET STREET
WHEELING, WEST VIRGINIA 26003
TELEPHONE 304-233-4000

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-390-0003

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40595
TELEPHONE 859-255-9500

2401 PENNSYLVANIA AVENUE N.W.
WASHINGTON, D.C. 20037
TELEPHONE 202-973-0200

MEMBER OF LEX MUNDI, THE WORLD'S LEADING ASSOCIATION OF INDEPENDENT LAW FIRMS.

September 21, 2000

West Virginia-American Water Company
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

New Haven Public Service District
Lansing, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Steptoe & Johnson
Clarksburg, West Virginia

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

Ladies and Gentlemen:

We have served as counsel to West Virginia-American Water Company, a West Virginia corporation (the "Company"), in connection with (1) an Agreement dated November 27, 1996, by and between New Haven Public Service District (the "Issuer") and the Company, as amended (collectively, the "Agreement"), whereby the Company has agreed to make payments to the Issuer in amounts and at times sufficient to permit the Issuer to pay the principal of, interest, if any, on and administrative fee, for the above-captioned Bonds (the "Bonds"), and (2) the issuance by One Valley Bank, National Association, Charleston, West Virginia (the "Bank"), of its Letters of Credit dated September 21, 2000 (collectively, the "Letter of Credit"), in the respective amounts of $104,815 and $51,160, for funding the Series 2000 C Bonds Reserve Account and the Series 2000 D Bonds Reserve Account, respectively. The Bonds are being issued by the Issuer under Chapter 16, Article 13A, Chapter 16, Article 13C and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and pursuant to a Bond Resolution duly adopted by the Issuer on

September 18, 2000, as supplemented by the Supplemental Resolution duly adopted by the Issuer on September 18, 2000 (collectively, the "Bond Resolution"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); (ii) paying interest on the Series 2000 C Bonds during the construction of the Project and for not more than 6 months thereafter; and (iii) paying certain costs of issuance for the Bonds and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution when used herein.

The Bonds have been sold to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement for the Series 2000 C Bonds, dated September 21, 2000, and a loan agreement for the Series 2000 D Bonds, dated September 21, 2000 (collectively, the "Loan Agreement"). The Bonds are to be paid from Net Revenues derived from the operation of the System. Such Net Revenues consist solely of payments to be made by the Company to the Issuer under the Agreement. The Bonds are further secured by a Letter of Credit that may be drawn upon by the West Virginia Municipal Bond Commission, as Paying Agent for the Bonds, in the event Net Revenues are insufficient or unavailable to pay any installment of principal of or interest, if any, on the Bonds when due. The Company has entered into all necessary agreements with the Bank to obtain the Letter of Credit.

In connection with this opinion, we have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of the Articles of Incorporation, a Certificate of Good Standing and the By-laws of the Company, and all amendments thereto, the Agreement, the Letters of Credit and such other records, instruments, agreements, certificates (including, without limitation, certificates of public officials and of officers of the Company) and other documents (collectively, the "Documents"), and have conducted such investigations of law, as we have deemed necessary for purposes of rendering this opinion. We have assumed the authenticity of the Documents submitted to us as originals, the conformity to originals of the Documents submitted to us as copies and the due authorization, execution and delivery of the Documents by all other parties thereto, if any. As to factual matters necessary for rendering our opinions herein, we have relied upon certificates of the Company with respect thereto without independently verifying the same.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Company is a corporation duly created, validly existing and in good standing under the laws of the State of West Virginia, is qualified to do business in the State of West Virginia, and has full power and authority to execute and deliver the Documents to which the Company is a party and to undertake and perform its obligations thereunder.

2. The Documents to which the Company is a party have been duly authorized, executed and delivered by the Company, are valid and binding upon the Company, and are legally enforceable against the Company in accordance with the respective terms thereof so as to provide to the other respective parties the substantial enjoyment of the rights and benefits provided for therein, except as may be limited by the laws of bankruptcy, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally, by the application of public policy or by the exercise of judicial discretion.

3. To our knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, against or affecting the Company, wherein an unfavorable decision, ruling or finding would materially adversely affect the Company or the financial condition or operations of the Company, or the transactions contemplated by the Documents to which the Company is a party, or which would materially adversely affect the Documents to which the Company is a party.

4. To our knowledge, the execution, delivery and performance of and compliance with the provisions of the Documents to which the Company is a party do not and will not violate, conflict with, or constitute or result in a breach of or default under, the Articles of Incorporation or By-laws of the Company or any material agreement, instrument, document, indenture, mortgage, deed of trust, lease, contract, law, judgment, decree, order, statute, rule or regulation to which the Company is a party, by which the Company or its properties are bound or which may otherwise be applicable to the Company.

5. The Issuer and the Company have received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Commission Orders of the Public Service Commission of West Virginia entered on September 12, 1997, January 5, 2000, February 28, 2000, June 12, 2000, and September 15, 2000, in Case No. 96-1477-W-PWD-PC-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, establishing the rates and approving the financing for the Project. The time for appeal of all the Commission Orders except the Order entered September 15, 2000, has expired prior to the date hereof.

However, the parties to the Order entered September15, 2000, have stated that they will not appeal such Order and such Order is not subject to appeal by any entity which is not a party thereto.

6. The Issuer and the Company have duly published a notice of the 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.

Very truly yours,

Jackson & Kelly PLLC

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 C (West Virginia Water Development Authority) and
Series 2000 D (West Virginia DWTRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS AND AGREEMENT
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES
12. PUBLIC SERVICE COMMISSION ORDERS
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION OF NOTICE OF BORROWING
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. LETTERS OF CREDIT
19. GRANT

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of New Haven Public Service District in Fayette County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, hereby certify in connection with the Issuer's Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority) and Series 2000 D (West Virginia DWTRF Program), both dated the date hereof (collectively, the "Bonds" or individually, the "Series 2000 C Bonds" and the "Series 2000 D Bonds"), as follows:

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

the Issuer duly adopted September 18, 2000, and a Supplemental Resolution of the Issuer duly adopted September 18, 2000 (collectively, the "Bond Legislation"), when used herein.

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the receipt of the Net Revenues or the Grant proceeds, or in any way contesting or affecting the validity of the Bonds, the Agreement or the Grant, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, or the collection of the Net Revenues or pledge thereof.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2000 C Bonds and the Series 2000 D Bonds as to liens, pledge, source of and security for payment, being the Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), dated March 2, 2000, issued in the original aggregate principal amount of $1,241,000 (the "Series 2000 A Bonds"), and Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), dated March 2, 2000, issued in the original aggregate principal amount of $9,004,675 (the "Series 2000 B Bonds") (collectively, the "Prior Bonds"). The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2000 C Bonds and the Series 2000 D 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 in compliance with the terms and provisions of the Resolution under which the Prior Bonds were issued and no default exists with respect to the Prior Bonds.

The Agreement is in full force and effect and the Company is making the required payments thereunder.

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

Bond Resolution

Supplemental Resolution

Water Development Authority Loan Agreement

DWTRF Loan Agreement

Public Service Commission Orders

Infrastructure Council Approval

County Commission Orders on Creation and Enlargement of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

Agreement between Issuer and Company

Letter of Credit and Related Documents

Evidence of United States Army Corps of Engineers Grant

Project Cooperation Agreement with Army Corps of Engineers

Series 2000 A and Series 2000 B Bond Resolution

Consent of Prior Bondholders

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "New Haven Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Fayette County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Kenneth R. Hayes	October 29, 1998	October 29, 2004
Imogene Pennington	October 29, 1994	October 29, 2000
Ann Berry	May 5, 1999	October 29, 2002

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2000 are as follows:

Chairman - Kenneth R. Hayes
Secretary/Treasurer - Imogene Pennington

The duly appointed and acting counsel to Issuer is Philip J. Tissue, of Oak Hill, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds, the acquisition, construction, operation and financing of the Project

and the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation is in full force and effect.

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

11. RATES: The Issuer has received the Final Orders of the Public Service Commission of West Virginia entered on September 12, 1997, in Case No. 96-1477-W-PWD-PC-CN, and on March 12, 1999, and April 12, 1999, in Case No. 99-0146-W-PC, approving the rates and charges for the services of the System and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Orders has expired prior to the date hereof without any appeal.

12. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Final Orders of the Public Service Commission of West Virginia entered on September 12, 1997, January 5, 2000, February 28, 2000, June 12, 2000, and September 15, 2000, in Case No. 96-1477-W-PWD-PC-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of all such Final Orders, except the Order entered September 15, 2000, has expired prior to the date hereof without any appeal. However, the Issuer hereby states that it will not appeal the Order entered September 15, 2000. The other parties to such Order have also stated that they will not appeal such Order and such Order is not subject to appeal by any entity which is not a party thereto.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond for each series of the Bonds, dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer received from the Authority the agreed purchase price of the Series 2000 C Bonds, being $1,510,000. On the date hereof, the Issuer also received $38,389 from the Authority and the BPH, being a portion of the principal amount of the Series 2000 D Bonds. The balance of the principal amount of the Series 2000 D Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

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

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

17. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

18. LETTERS OF CREDIT: On the date hereof, upon the delivery of the Bonds, the Letters of Credit shall be delivered to the Commission to fund the Series 2000 C Bonds Reserve Account and the Series 2000 D Bonds Reserve Account.

19. GRANT: As of the date hereof, the grant from the United States Army Corps of Engineers in the amount of $1,877,226 is committed for the Project.

WITNESS our signatures and the official seal of NEW HAVEN PUBLIC SERVICE DISTRICT on this 21st day of September, 2000.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Chairman
Eugene Pennington	Secretary
	Counsel to Issuer

09/18/00
658590/00001

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 C (West Virginia Water Development Authority) and
Series 2000 D (West Virginia DWTRF Program)

GENERAL CERTIFICATE OF
WEST VIRGINIA-AMERICAN WATER COMPANY ON:

1. INCUMBENCY AND SIGNATURES
2. DUE INCORPORATION AND GOOD STANDING
3. CERTIFICATION OF COPIES OF DOCUMENTS
4. AUTHORIZATION FOR EXECUTION AND DELIVERY OF DOCUMENTS
5. EXECUTION, DELIVERY AND VALIDITY OF AGREEMENT
6. NO LITIGATION
7. AGREEMENTS AND OBLIGATIONS
8. NO CHANGE IN CONDITION
9. LETTER OF CREDIT
10. PUBLIC SERVICE COMMISSION ORDERS

The undersigned VICE PRESIDENT of WEST VIRGINIA-AMERICAN WATER COMPANY, a corporation located within and incorporated under the laws of the State of West Virginia (the "Company"), HEREBY CERTIFIES in connection with the authorization, execution and delivery of an Agreement, dated November 27, 1996, by and between New Haven Public Service District (the "Issuer") and the Company, as amended (collectively, the "Agreement"), whereby the Company has agreed to make certain payments to the Issuer to permit the Issuer to pay when due, its $1,605,000 aggregate principal amount of Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority) and its $767,354 aggregate principal amount of Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program) (collectively, the "Bonds"), to be issued to West Virginia Water Development Authority (the "Authority"), pursuant to a Bond Resolution of the Issuer adopted September 18, 2000, as supplemented by a Supplemental Resolution of the Issuer adopted September 18, 2000 (collectively, the "Bond Resolution"), all capitalized terms used herein and not otherwise defined herein to have the same meanings set forth in the Bond Resolution, as follows:

1. INCUMBENCY AND SIGNATURES: The undersigned is and was at all relevant times the duly elected, qualified and serving Vice President of the Company, duly elected or appointed by the Board of Directors of the Company, and is familiar with the terms of the transactions described in the Documents, herein defined. Set forth below is my true and genuine signature.

2. DUE INCORPORATION AND GOOD STANDING: The Company is a corporation duly created, validly existing and in good standing under the laws of the State of West Virginia, duly authorized to conduct its affairs and transact business in the State of West Virginia, and is not prohibited by any provision of its Articles of Incorporation or By-Laws from conducting its business described in, or effectuating the transactions contemplated in, the Agreement and the other Documents, herein defined.

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

Certified copy of Certificate of Good Standing.

Agreement between Issuer and Company.

Letters of Credit and Related Documents.

4. AUTHORIZATION FOR EXECUTION AND DELIVERY OF DOCUMENTS: The Company has full and all requisite right, power and authority to own and operate its properties, to carry on its business as now conducted, to execute, deliver and carry out and perform the terms, obligations and conditions set forth in the Documents.

5. EXECUTION, DELIVERY AND VALIDITY OF AGREEMENT. The Agreement has been duly authorized, executed and delivered by the Company and on its behalf by duly chosen, qualified and acting officers of the Company, and is in full force and effect as of the date hereof. The Agreement constitutes a valid and legally binding agreement and obligation of the Company enforceable in accordance with its terms, except (i) as the same shall be subject to limitations upon the right to obtain judicial orders requiring specific performance or granting injunctive relief, (ii) as may be limited by the laws of bankruptcy, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally, and (iii) as enforceability of indemnity provisions contained therein may be limited under applicable laws or may be against public policy. The execution and delivery of the Agreement by the Company and the compliance with the provisions thereof will not

conflict with, result in a breach of the terms, conditions or provisions of or constitute a default under, or result in the creation or any imposition of any lien, charge or encumbrance upon any of the property or assets of the Company pursuant to, the Articles of Incorporation or By-laws of the Company or the terms of any indenture, mortgage, deed of trust, loan agreement, undertaking or other agreement, document or instrument to which the Company is a party or bound or to which any of the property or assets of the Company are subject, nor will such action conflict with, result in a material breach of, constitute a default under or result in a violation of any statute, law, ordinance, judgment, ruling, decree, order, rule or regulation to which the Company is subject or to which any of its properties are subject or which is applicable to the transactions described herein; and no consent, certificate, approval, authorization, order, registration, exemption or qualification of or with any court or any regulatory authority or any governmental authority or body is required for the execution and delivery of the Agreement by the Company or in connection with the Project, the Agreement or the transactions contemplated thereby, except those already obtained.

6. NO LITIGATION: No litigation, proceeding, suit, inquiry, action or investigation at law or in equity is pending or, to the knowledge of the undersigned, threatened (or is there any basis therefor), against or affecting the Company in or before or by any court, public board or administrative body, which would restrain or enjoin the execution or delivery of the Documents or the performance of any obligations of the Company contained therein or matters in connection therewith, or in any way contesting or affecting the Documents, or attempting to limit, restrain, enjoin or prevent the Company from functioning and making the payments required thereunder, or which questions the validity of the Documents or any documents or the transactions contemplated thereby, or contesting the corporate existence of the Company, or wherein an unfavorable decision, ruling or finding would have a material adverse effect upon the financial condition of the Company, the validity or enforceability of the Documents, the Company's ability to perform its obligations under the Documents or the corporate existence or powers of the Company. There is no action or proceeding pending or threatened that would liquidate or dissolve the Company.

7. AGREEMENTS AND OBLIGATIONS: All agreements, covenants, arrangements and conditions to be complied with or satisfied and all obligations to be performed by the Company pursuant to or in connection with the Documents or the transactions contemplated thereby on or prior to the date of such documents have been complied with, satisfied and performed and there are no defaults or events of default under the Documents or such documents which have occurred and are continuing.

8. NO CHANGE IN CONDITION: There have been no undisclosed material adverse changes in the financial condition of the Company since the offer by the Authority to purchase the Bonds of the Issuer.

9. LETTERS OF CREDIT: The Company has obtained and will maintain one or more Letters of Credit, including all extensions thereof, or renewal or replacement Letters of Credit, to fund the respective reserve accounts for the Bonds, so long as the Bonds are outstanding, unless such requirement is waived by the Authority and the BPH. Without limiting the generality of the foregoing, the Company further agrees to promptly pay all fees and expenses in connection with the Letters of Credit, which payments shall be in addition to any other payments to be made by the Company under the Agreement with respect to the Bonds or otherwise to the Issuer.

10. PUBLIC SERVICE COMMISSION ORDERS: The Issuer and the Company have received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer and the Company have received the Commission Orders of the Public Service Commission of West Virginia entered on September 12, 1997, January 5, 2000, February 28, 2000, June 12, 2000, and September 15, 2000, in Case No. 96-1477-W-PWD-PC-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, establishing the rates and approving the financing for the Project. The time for appeal of all such Final Orders has expired prior to the date hereof without any appeal. However, the Company hereby states that it will not appeal the order entered September 15, 2000. The other parties to such order have also stated that they will not appeal such order and such order is not subject to appeal by any entity which is not a party thereto.

IN WITNESS WHEREOF, I have hereunto set my hand on this 21st day of September, 2000.

WEST VIRGINIA-AMERICAN WATER COMPANY

Michael A. Miller
Vice President

ATTEST:

Stephen N. Chambers
Secretary

09/19/00
658590/00001

CH635432.2

STAFFORD CONSULTANTS INCORPORATED
Engineering, Design, and Consulting

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 C (West Virginia Water Development Authority) and
Series 2000 D (West Virginia DWTRF Program)

CERTIFICATE OF ENGINEER

We, Jack D. Stafford, Registered Professional Engineer, West Virginia License No. 6753 and Edward L. Shutt, Registered Professional Engineer, West Virginia License No. 7314, of Stafford Consultants, Incorporated, Princeton, West Virginia, hereby certify as follows:

1. Stafford Consultants, Incorporated, is engineer for the acquisition and construction of certain additions, betterments and improvements to the existing public waterworks facilities (the "Project") of New Haven Public Service District (the "Issuer") to be constructed in Fayette County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. All capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on September 18, 2000, the Loan Agreement for the Series 2000 C Bonds dated September 21, 2000, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), and the Loan Agreement for the Series 2000 D Bonds dated September 21, 2000, by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project, (ii) paying from the proceeds of the Series 2000 C Bonds capitalized interest on the Series 2000 C Bonds; and (iii) paying costs of issuance of the Bonds and related costs.

3. To the best of our knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by Stafford Consultants, Incorporated, and approved by the BPH pursuant to the Office of Environmental Health Services Permits listed in EXHIBIT A, attached hereto, and any change orders approved by the Issuer, the BPH, the Authority and all necessary governmental bodies; (ii) the Project design is adequate for its intended purpose and when constructed, in our profession opinion, has an anticipated useful life of at least forty years, if properly operated and

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maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B as attached hereto as EXHIBIT B; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the BPH in the Office of Environmental Health Services Permits listed in EXHIBIT A, attached hereto, and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained the following permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System: (a) BPH Office of Environmental Health Services Permits listed in EXHIBIT A, attached hereto, (b) West Virginia NPDES Permits, listed in EXHIBIT A; (c) West Virginia Division of Highways Permits and other permits listed in EXHIBIT A, attached hereto, and (d) orders of the Public Service Commission of West Virginia entered on September 12, 1997, January 5, 2000, February 28, 2000, June 12, 2000, and September 15, 2000, in Case Nos. 96-1477-W-PWD-PC-CN and 96-0137-W-PWD-PC, and on March 12, 1999 and April 12, 1999, in Case No. 99-0146-W-PC, and, in our professional opinion, no other permits are required; (ix) the net proceeds of the Bonds, together with other funds irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the BPH; and (x) attached hereto as EXHIBIT B is the final amended "Schedule B – Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS our signatures and seals on this 21st day of September 2000.

JACK D. STAFFORD, C. E.
REGISTERED
NO. 6753
STATE OF
WEST VIRGINIA
PROFESSIONAL ENGINEER
[SEAL]

STAFFORD CONSULTANTS, INCORPORATED

Jack D. Stafford, P.E.
West Virginia License No. 6753

EDWARD L. SHUTT
REGISTERED
7314
STATE OF
WEST VIRGINIA
PROFESSIONAL ENGINEER
[SEAL]

Edward L. Shutt, P.E.
West Virginia License No. 7314

Attachments

EXHIBIT A

WV BUREAU FOR PUBLIC HEALTH
OFFICE OF ENVIRONMENTAL HEALTH SERVICES PERMITS

Contract No.	Permit No.
8	14,363
10, 11A, 11B	14,553

WEST VIRGINIA DIVISION OF HIGHWAYS PERMITS

Contract No.	Permit No.
8	09-99-0066
10	99-00-0193
11A/11B	09-00-0194

OTHER PERMITS

Contract No. 8 – Public Land Corporation P-99-IV/10-1224
Contract No. 8 – WVNPDES – WV0115100 – WVGO71796
Contract No. 8 – National Park Service R.W.-4780-00-002
Contract No. 10 – Public Land Corporation P-99-IV/10-0583
Contract No. 10 – WVNPDES – WV011510 – WVGO72015
Contract No. 11B – City of Oak Hill W-002
Contract No. 11A – Public Land Corporation – P-00-IV/10-0584
Contract No. 11A/11B – WVNPDES WV011510 – WVGO72014

EXHIBIT B

Fayette County Regional Water

Schedule B (Estimate Only)

DWTRF Loan, WDA Loan, and COE Grant

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

A. Cost of Project	Total	DWTRF Loan	COE Grant	WDA Loan
Funding Percentages				
1. Construction Costs	3,422,965.00	607,590.00	1,670,216.00	1,145,159.00
Contract 08	2,226,954.00		1,670,216.00	556,738.00
Contract 10	353,985.00	154,365.00		199,620.00
Contract 11 a	630,826.00	242,025.00		388,801.00
Contract 11 b	211,200.00	211,200.00		
2. Technical Services	0.00	0.00	0.00	0.00
a. Design				
b. Bidding/Construction				
c. Resident Project Representative				
d. Special Services				
3. Legal and Fiscal	45,219.00	20,813.00	18,304.00	6,102.00
a. Attorneys Fees (Easements, PSC, etc)	43,919.00	19,663.00	18,192.00	6,064.00
Phil Tissue	35,146.00	16,438.00	14,031.00	4,677.00
Joel Nunes/Gray	8,773.00	3,225.00	4,161.00	1,387.00
b. Accountant/Audit	1,300.00	1,150.00	112.00	38.00
4. Administration	93,150.00	0.00	39,863.00	53,287.00
a. Region 4 PDC	40,000.00	0.00	0.00	40,000.00
b. COE	53,150.00	0.00	39,863.00	13,287.00
5. Sites and Other Lands	57,483.00	28,643.00	21,630.00	7,210.00
a. Land Acquisition Costs/Easement	3,793.00	2,793.00	750.00	250.00
Fee Acquisitions	2,750.00	2,750.00	0.00	0.00
Easements	1,043.00	43.00	750.00	250.00
b. Appraisals or Other Related Costs	0.00	0.00	0.00	0.00
c. Permits	53,690.00	25,850.00	20,880.00	6,960.00
DOH Inspection Fee	50,840.00	23,500.00	20,505.00	6,835.00
DOH Bond	850.00	350.00	375.00	125.00
Railroad Easements	0.00	0.00	0.00	0.00
Health Dept/NPDES	2,000.00	2,000.00	0.00	0.00
6. Other Costs	68,000.00	7,000.00	27,000.00	34,000.00
a. Interim Financing Costs	30,000.00	5,000.00	0.00	25,000.00
b. Arch Survey/Enviromental Survey	35,000.00	0.00	26,250.00	8,750.00
c. Legal Ads	3,000.00	2,000.00	750.00	250.00
7.				
8. Contingency	336,214.00	88,308.00	100,213.00	147,693.00
9. Total of Lines 1 through 8	4,023,031.00	752,354.00	1,877,226.00	1,393,451.00
B. Sources of Funds				
10. Federal Grants:	1,877,226.00	0.00	0.00	0.00
a. COE	1,877,226.00	0.00		
b.	0.00	0.00		
11. State Grants:	0.00	0.00	0.00	0.00
a.	0.00	0.00		
12. Other Grants:	0.00	0.00	0.00	0.00
13. Any Other Source: [1]	0.00	0.00	0.00	0.00
a.		0.00		
14. Infrastructure Fund Grant	0.00	0.00		
15. Total Lines 10 through 14	1,877,226.00	0.00	0.00	0.00
16. Net Proceeds Required from Bond Issue (Line 9 minus Line 15)	2,145,805.00	752,354.00	0.00	1,393,451.00
C. Cost of Financing		0.00		
17. Funded Reserve Account [2]	0.00	0.00	0.00	0.00
18. Other Costs [3]	226,549.00	15,000.00	0.00	211,549.00
a. Bond Counsel	30,000.00	15,000.00	0.00	15,000.00
b. Bank Fees	250.00			250.00
c. WDA Cost Issuance	54,409.00			54,409.00
d. Capitalized Interest	101,299.00			101,299.00
e. Original Issue Discount (OID)	40,591.00	0.00	0.00	40,591.00
19. Total Cost of Financing (Lines 17 and 18)	226,549.00	15,000.00	0.00	211,549.00
20. Size of Bond Issue (Line 16 plus Line 19)	2,372,354.00	767,354.00	0.00	1,605,000.00

GOVERNMENTAL AGENCY

DATE: 9-18-00

CONSULTING ENGINEER

Date: 9-18-00

[1] Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation.

[2] Consult with bond counsel and the Council before assuming a funded reserve.

[3] For example, fees of accountants, bond counsel and local counsel for the Governmental Agency.

Compiled by: Joyce Holman
Fiscal Manager, Region 4 PDC
9/13/2000

ADKINS & YOUNG
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 1006 • SUMMERSVILLE, WV 26651 • 304-872-1434 • FAX 304-872-1530

September 21, 2000

New Haven Public Service District
Water Revenue Bonds,
Series 2000 C (West Virginia Water Development Authority) and
Series 2000 D (West Virginia DWTRF Program)

West Virginia Water
Development Authority
Charleston, West Virginia

West Virginia Bureau for
Public Health
Charleston, West Virginia

New Haven Public Service District
Lansing, West Virginia

Ladies and Gentlemen:

Based upon the use fees to be made by West Virginia-American Water Company (the "Company") to New Haven Public Service District (the "District or Issuer"), under that certain Agreement dated as of November 27, 1996, as amended (the "Agreement"), by and between the Company and the District, as approved in the Commission Orders of the Public Service Commission of West Virginia entered on September 12, 1997. January 5, 2000, February 28, 2000, June 12, 2000, and September 15, 2000, in Case No. 96-1477-W-PWD-PC-CN, and on March 12, 1999 and April 12, 1999, in Case No. 99-0146-W-PC, it is our opinion that such use fee payments will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Issuer, will be sufficient to pay 100% of the maximum amount required in any year for debt service on the Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority) and Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program) (collectively, the "Bonds"), to be issued in the respective original aggregate principal amounts of $1,605,000 and $767,354 to the West Virginia Water Development Authority on the date hereof, and all other obligations secured by or payable from use fees under the Agreement on a parity with the Bonds, including the Issuer's Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program) and Water Revenue Bonds, Series 2000 B, (West Virginia Infrastructure Fund), both dated March 2, 2000.

Very truly yours,
ADKINS & YOUNG CPAs

Wayne E. Young, CPA

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds
Series 2000 C (West Virginia Water Development Authority) and
Series 2000 D (West Virginia DWTRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of New Haven Public Service District in Fayette County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $1,605,000 Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), and $767,354 Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program), of the Issuer, both dated September 21, 2000 (collectively, the "Bonds" or individually the "Series 2000 C Bonds" and the "Series 2000 D Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on September 18, 2000 (the "Bond Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on September 21, 2000, the date on which the Bonds are being physically delivered in exchange for $1,510,000, the purchase price of the Series 2000 C Bonds and $38,389, being a portion of the principal amount of the Series 2000 D Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority"), the West Virginia

Infrastructure and Jobs Development Council (the "Council") or the West Virginia Bureau for Public Health (the "BPH"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2000 C Bonds were sold on September 21, 2000, to the Authority, pursuant to a loan agreement dated September 21, 2000, by and between the Issuer and the Authority, for an aggregate purchase price of $1,510,000.

6. The Series 2000 D Bonds were sold on September 21, 2000, to the Authority, pursuant to a loan agreement dated September 21, 2000, by and between the Issuer and the Authority, on behalf of the BPH, for an aggregate purchase price of $767,354 (100% of par), at which time, the Issuer received $38,389 from the Authority and the BPH, being the first advance of the principal amount of the Series 2000 D Bonds. No accrued interest has been or will be paid on the Series 2000 D Bonds. The balance of the principal amount of the Series 2000 D Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); (ii) paying capitalized interest on the Series 2000 C Bonds during construction of the Project and for not more than 6 months thereafter; and (iii) paying certain costs of issuance of the Bonds and related costs.

8. The Issuer shall, on the date hereof or immediately hereafter (in any event, not more than 6 months from September 20, 2000), enter into agreements which require the Issuer to expend in excess of 5% of the aggregate principal amount of the Bonds on the Project, constituting a substantial binding commitment, or has already done so. The acquisition, construction and equipping of the Project and the allocation of proceeds of the Bonds to expenditures for costs of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the respective Reserve Accounts for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before December 1, 2001. The acquisition and construction of the Project is expected to be completed by September 1, 2001.

9. The total cost of the Project financed from the proceeds of the Bonds (including all costs of issuance of the Bonds) is estimated at $4,249,580. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2000 C Bonds	$ 1,605,000.00
Proceeds of the Series 2000 D Bonds	$ 767,354.00
Army Corps of Engineers Grant	$ 1,877,226.00
Total Sources	$4,249,580.00

USES

Costs of Acquisition and Construction of the Project	$ 4,023,031.00
Capitalized Interest on Series 2000 C Bonds	$ 101,299.00
Fund Series 2000 C Bonds Reserve Account	-0-
Fund Series 2000 D Bonds Reserve Account	-0-
Costs of Issuance	$ 125,250.00
Total Uses	$ 4,249,580.00

The total costs of the Project is estimated to be at least equal to the gross proceeds of the Bonds and the grants described above.

10. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2000 Bonds:

(1) Revenue Fund;

(2) Series 2000 C Bonds Construction Trust Fund;

(3) Series 2000 D Bonds Construction Trust Fund;

(4) Series 2000 A Bonds Sinking Fund;

(5) Series 2000 A Bonds Reserve Account;

(6) Series 2000 B Bonds Sinking Fund;

(7) Series 2000 B Bonds Reserve Account;

(8) Series 2000 C Bonds Sinking Fund;

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

(10.) Series 2000 D Bonds Sinking Fund; and

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

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

(1) Bond proceeds in the amount of $101,299 will be deposited in the Series 2000 C Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2000 C Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(2) Bond proceeds in the amount of $-0- will be deposited in the Series 2000 D Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2000 D Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(3) The balance of the proceeds of the Series 2000 C Bonds will be deposited in the Series 2000 C Bonds Construction Trust Fund and applied solely to payment of costs of the Project, including costs of issuance of the Series 2000 C Bonds and related costs.

(4) The balance of the proceeds of the Series 2000 D Bonds will be deposited in the Series 2000 D Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2000 D Bonds and related costs.

12. Moneys held in the Series 2000 C Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2000 C Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2000 C Bonds Sinking Fund and Series 2000 C Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2000 C Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

13. Moneys held in the Series 2000 D Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2000 D Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2000 D Bonds Sinking Fund and Series 2000 D Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2000 D Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

14. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 12 months of the date hereof.

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

16. With the exception of the amount deposited in the Series 2000 C Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2000 C Bonds Reserve Account, if any, all of the proceeds of the Series 2000 C Bonds will be expended on the Project within 15 months from the date of issuance thereof.

17. With the exception of the amount deposited in the Series 2000 D Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2000 D Bonds Reserve Account, if any, all of the proceeds of the Series 2000 D Bonds will be expended on the Project within 15 months from the date of issuance thereof.

18. The Issuer does not expect to sell or otherwise dispose of the Project prior to the last maturity date of the Bonds.

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

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

21. 95% or more of the net proceeds of the Series 2000 C Bonds will be used to provide facilities for the furnishing of water. The Project is a facility for the furnishing of water within the meaning of Section 142(e) of the Code, as:

(i) the water distributed by the Project is or will be made available to members of the general public (including electric utility, industrial, agricultural or commercial users); and

(ii) either the Project is operated by a governmental unit or the rates for the furnishing or sale of the water have been established or approved by a State or political subdivision thereof, by an agency or instrumentality of the United States, or by a public service or public utility commission or other similar body of any State or political subdivision thereof.

22. The Issuer covenants that it shall maintain thorough and accurate accounting records, in conformance with generally accepted accounting principles, relative to the proceeds of Bonds so that use of proceeds from each series of the Bonds can be accounted for.

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

24. The Issuer shall use the Bond proceeds solely for the costs of the Project.

25. The Bonds are not federally guaranteed.

26. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain public purpose bonds.

27. The Issuer has either (a) funded the Series 2000 C Bonds Reserve Account and Series 2000 D Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds; (b) created the Series 2000 C Bonds Reserve Account and Series 2000 D Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2000 C Bonds Reserve Account and Series 2000 D Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year; or (c) purchased letter(s) of credit in amounts sufficient to satisfy the purchasers of the Bonds to fund the Series 2000 C Bonds Reserve Account and Series 2000 D Bonds Reserve Account. Moneys in the Series 2000 C Bonds Reserve Account and Series 2000 D Bonds Reserve Account, if any, and the Series 2000 C Bonds Sinking Fund and Series 2000 D Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

28. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

29. All proceeds of the Series 2000 C Bonds shall be used for payment of the costs of the Project within 3 years of September 20, 2000.

30. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

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

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

WITNESS my signature on this 21st day of September, 2000.

NEW HAVEN PUBLIC SERVICE DISTRICT

Chairman

09/15/00
658590/00001

CH635598.2

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 C (West Virginia Water Development Authority) and
Series 2000 D (West Virginia DWTRF Program)

CERTIFICATE OF LETTER OF CREDIT BANK

The undersigned Senior Vice President of ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia (the "Bank"), hereby certifies in connection with the issuance by the Bank of its Letter of Credit, No. 00-051, dated September 21, 2000, in the amount of $104,815 (the "Series 2000 C Letter of Credit"), for the account of the New Haven Public Service District (the "Issuer"), and its Letter of Credit, No. 00-048, dated September 21, 2000, in the amount of $51,160 (the "Series 2000 D Letter of Credit" and, collectively with the Series 2000 C Letter of Credit, the "Letters of Credit"), for the account of the Issuer, for and on behalf of the Bank, as follows:

1. The Bank is a national banking association under the laws of the United States of America and qualified to do business in the State of West Virginia, with the power and authority to issue and deliver the Letters of Credit under applicable provisions of law.

2. The Letters of Credit have been duly authorized, executed and delivered by the Bank.

3. The Series 2000 C Letter of Credit is provided to fund the Series 2000 C Bonds Reserve Account and secures the payment of up to $104,815, which we are advised is equal to two year's debt service on the Issuer's Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), dated September 21, 2000, in the principal amount of $1,605,000. The Series 2000 C Letter of Credit has been delivered by the Bank pursuant to an Application and Agreement for Standby Letter of Credit dated August 31, 2000, and a Note and Security Agreement dated September 21, 2000.

4. The Series 2000 D Letter of Credit is provided to fund the Series 2000 D Bonds Reserve Account and secures the payment of up to $51,160, which we are advised is equal to two year's debt service on the Issuer's Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program), dated September 21, 2000, in the principal amount of $767,354. The Series 2000 D Letter of Credit has been delivered by the Bank pursuant to an Application

and Agreement for Standby Letter of Credit dated September 21, 2000, and a Note and Security Agreement, August 31, 2000.

JMB

IN WITNESS WHEREOF, ONE VALLEY BANK, NATIONAL ASSOCIATION, has caused this Certificate to be executed by a duly authorized officer, this 21st day of September, 2000.

ONE VALLEY BANK,
NATIONAL ASSOCIATION

By _____
J. Mark Bias, Senior Vice President

09/15/00
658590/00001

CH635438.2

AN ORDER WHEREBY THE COUNTY COMMISSION OF FAYETTE COUNTY, WEST VIRGINIA, PROPOSES ON ITS OWN MOTION THE EXPANSION OF THE NEW HAVEN PUBLIC SERVICE DISTRICT AND THE MERGER OF THE BECKWITH PUBLIC SERVICE DISTRICT AND THE MOSSY PUBLIC SERVICE DISTRICT INTO NEW HAVEN PUBLIC SERVICE DISTRICT, TO BE KNOWN AS "NEW HAVEN PUBLIC SERVICE DISTRICT" FOR THE PURPOSE OF ACQUIRING, CONSTRUCTING, OPERATING, MAINTAINING AND IMPROVING A PUBLIC WATER SYSTEM OR PUBLIC SEWAGE SYSTEM, OR BOTH, FOR THE RESIDENTS OF THE SERVICE AREAS OF THESE UNINCORPORATED COMMUNITIES OF FAYETTE COUNTY AND FIXING A DATE FOR HEARING OF SAID MOTION AND PROVIDING FOR THE PUBLICATION OF NOTICE OF SUCH HEARING.

WHEREAS, it is found and determined to be desirable and proper and in accordance with Chapter 16, Article 13A of the Code of West Virginia for this commission to fix a date of hearing and to provide for the publication of this order.

NOW, THEREFORE, upon its own motion it is hereby ORDERED by the County Commission of Fayette County, West Virginia, as follows:

Section 1: The County Commission of Fayette County finds and declares that it is in all respects desirable and proper for the County Commission on its own motion to propose the expansion and the merger of public service districts in order to preserve the public health, comfort, and convenience of said service areas. The motion proposing the expansion of New Haven Public Service District and the merger of said public service districts was duly made, seconded and carried.

Section 2: The County Commission of Fayette County does declare and find the following matters and things to be suitable, proper and in accordance with Chapter 16, Article 13A of the Code of West Virginia:

(a) The name and corporate title of said public service district shall be the "New Haven Public Service District".

(b) The territory to be embraced in said public service district shall be as follows:

Beginning at the south west corner of the Mossy Public Service District system, said point having a latitude of 37°57'0" and longitude of 81°17'51"; thence running with the Mossy Public Service District boundary due north 0.5 miles to a point; thence running due east 6.0 miles to a point on the eastern slope of Lick Fork Ridge;

Thence departing the Mossy Public Service District boundary and extending 1.51 miles to a point along the Page-Kincaid Public Service District boundary, having a latitude of N 38°00'17" and a longitude of W 81°17'18"; thence following the Page-Kincaid boundary North 0.88 miles to a point having a latitude of N 38°01'03" and a longitude of W 81°17'18"; thence following the Page-Kincaid Public Service District boundary N 45°00' W 1.04 miles to a point having a latitude of N 38°01'41" and a longitude W 81°11'06" which is a point on the boundary between the Plateau and New Haven Magisterial Districts; thence following the Page-Kincaid Public Service District and the said Magisterial boundary 0.83 miles to a point which is the common corner of the Valley Magisterial District, the Plateau magisterial District and the New Haven Magisterial having a latitude of N 38°02'04" and a longitude of W 81°12'09"; thence following the Page-Kincaid Public Service District boundary defined as the common boundary between the Valley Magisterial District and the New Haven Magisterial District northerly a distance of 3.68 miles to the beginning of the Beckwith Public Service District at a point known as Big Rock having a latitude of 38°02'45" and a longitude of 81°11'50";

Thence departing the Page-Kincaid Public Service District boundary and extending 7.0 miles Northeasterly along the Beckwith Public Service District boundary, which is also the boundary between the Valley Magisterial and New Haven Magisterial Districts to the intersection of the said magisterial boundary with the centerline of the New River, said point being a common point with

the existing Beckwith Public Service District and having a latitude of N 38°02'03" and a longitude of W 81°09'01";

Thence departing the Beckwith Public Service District boundary and extending along the New Haven Public Service District boundary, which is also the boundary between said Valley and New Haven Magisterial Districts, 5.63 miles to a point in Route 61/1 having a latitude of N 38°08'07" and a longitude of W 81°05'26"; thence in a northeasterly direction 4.36 miles continuing with the said district boundary line to a point in the Gauley River, which is in the boundary of Nicholas County, having a latitude of N 38°11'45" and a longitude of W 81°04'29"; Thence in an easterly direction 26.90 miles with the existing boundary of New Haven Public Service District, which is also the Gauley River and the boundary of Nicholas County to a point having a latitude of N 38°06'12" and a longitude of W 80°52'56", which is the common point between Fayette, Nicholas and Greenbrier Counties; thence in a southerly direction 11.00 miles with the boundary of the New Haven Public Service District, also the boundary of Greenbrier County to a point, having a latitude of n 38°02'03" and a longitude of W 80°49'47"; thence west 10.98 miles leaving the Meadow River and the Greenbrier County Line, and running with the existing New Haven Public Service District boundary to a point in the New River having a latitude of N 38°02'30" and a longitude of W 81°11'53";

Thence departing the existing New Haven Public Service District boundary and running 10.03 miles with the New River in a southerly direction to a point in the New River at the mouth of Dunloup Creek having a latitude of N 37°57'17" and a longitude of W 81°14'33"; thence extending 12.09 miles to the point of beginning.

The described revised New Haven Public Service District boundary will except the town limits of Fayetteville, the town limits of Ansted, the town limits of Oak Hill, Salem-Gatewood Public Service District, Arbuckle Public Service District, Wolf Creek Public Service District, and Ames Public Service District.

(c) The purpose of said public service district shall be to construct, acquire, maintain, and improve a public water system or a public sewage system, or both, within such territory and also outside of such territory to the extent permitted by law.

(d) The territory described above does not include within its limits the territory of any other public service district organized under Article 13A, of Chapter 16, of the Code of West Virginia, nor does such territory include within its limits any city, incorporated town or other municipal corporation or any part thereof.

Section 3: That upon the merger of the Districts, New Haven Public Service District shall be the surviving entity and the Commission shall have jurisdiction over the merged district in accordance with West Virginia Code §16-13A etal, specifically including, but not limited to, appointing the members of the public service board of the District.

Section 4: That on the 4th day of February, 1998, being a day in the Regular Session of this Commission, at 10:30 A.M., E.D.S.T., on said day in the County Commission Room in the Court House, this Commission will conduct a public hearing on the expansion of New Haven Public Service District and merger of the proposed public service districts into New Haven Public Service District for the purpose of considering and determining the feasibility thereof and to consider and determine if the construction, maintenance and operation of said public service district will be conductive to the preservation of public health, comfort and convenience of residents of said areas, at which time and place all persons residing in or owning or having any interest in property in the proposed consolidated public service district may appear before this County Commission and shall have an opportunity to be heard for or against the consolidation of said public service districts.

Section 5: The Clerk of this Commission is hereby ORDERED and DIRECTED to cause notice of such meeting and hearing be given by the publication of this order. This order shall be published in the Fayette

Tribune and Montgomery Herald newspapers of general circulation published in Fayette County, as a Class I legal advertisement in compliance with the provisions of Chapter 59, Article 3 of the official Code of West Virginia of 1931, as amended.

Section 6: That the Clerk of the Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission of West Virginia not less than ten (10) days prior to the hearing set forth herein.

By the Order of the County Commission of Fayette County this day January 15, 1998.

THE COUNTY COMMISSION OF FAYETTE COUNTY

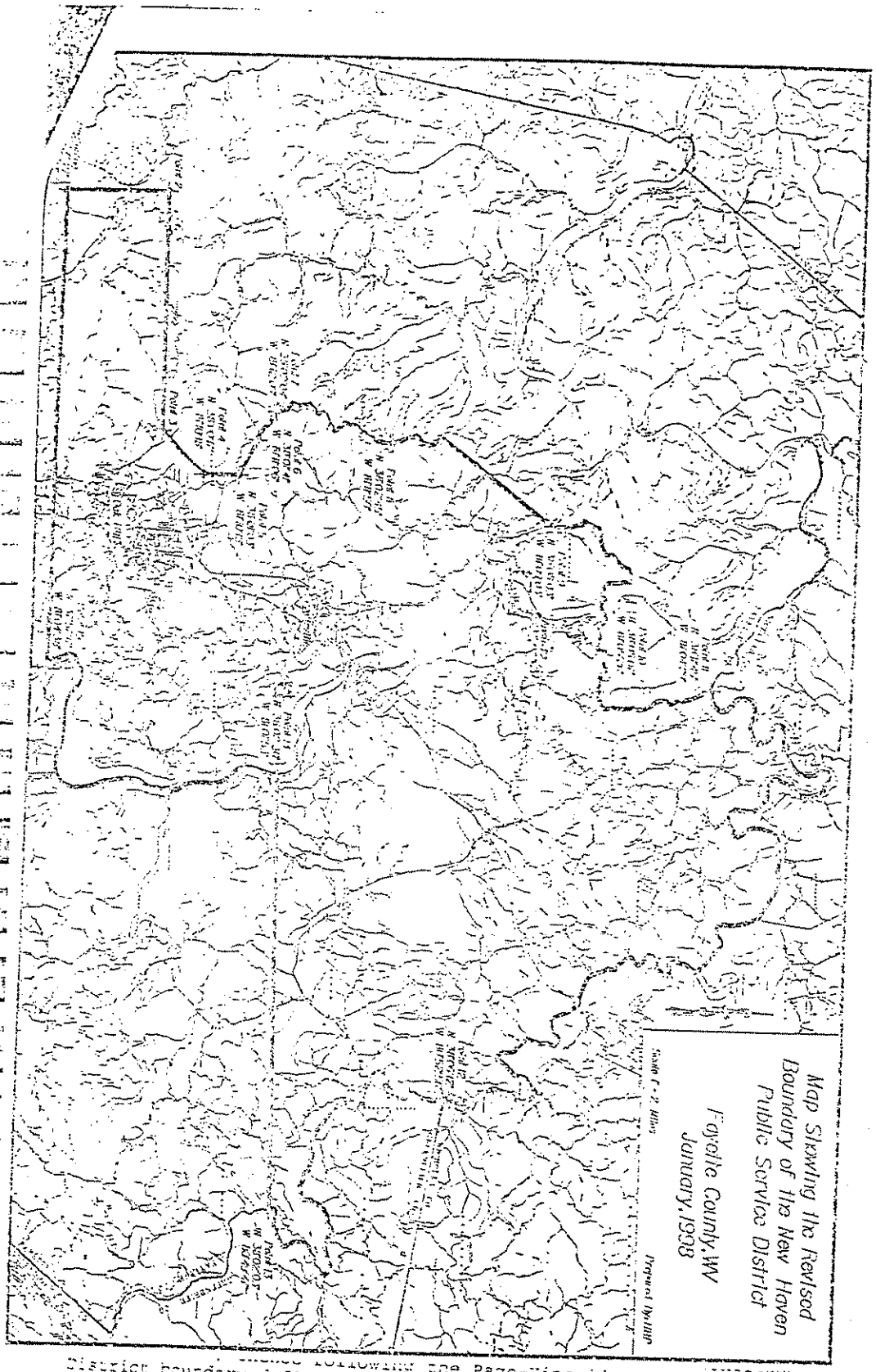
John L. Wirt
President

John N. Lopez
Commissioner

Commissioner

ATTEST:

Kelvin E. Holliday
Clerk



District boundary defined as the common boundary between the Page-Kincaid Public Service Valley Magisterial District and the New Haven Magisterial District northerly a distance of 3.69 miles to the beginning of the Beckwith Public Service District at a point known as Big Rock having a latitude of 38°02'45" and a longitude of 81°11'50";

Thence departing the Page-Kincaid Public Service District boundary and extending 7.0 miles Northeasterly along the Beckwith Public Service District boundary, which is also the boundary between the Valley Magisterial and New Haven Magisterial Districts to the intersection of the said magisterial boundary with the centerline of the New River, said point being a common point with

BEFORE THE COUNTY COMMISSION OF FAYETTE COUNTY

A RESOLUTION AND ORDER EXPANDING THE NEW HAVEN PUBLIC SERVICE DISTRICT AND MERGING BECKWITH PUBLIC SERVICE DISTRICT AND MOSSY PUBLIC SERVICE DISTRICT INTO NEW HAVEN PUBLIC SERVICE DISTRICT TO BE KNOWN AS "NEW HAVEN PUBLIC SERVICE DISTRICT" FOR THE PURPOSE OF ACQUIRING, CONSTRUCTING, OPERATING, MAINTAINING AND IMPROVING A PUBLIC WATER SYSTEM OR PUBLIC SEWAGE SYSTEM, OR BOTH, FOR THE RESIDENTS OF THE SERVICE AREAS OF THESE UNINCORPORATED COMMUNITIES OF FAYETTE COUNTY.

WHEREAS, the County Commission of Fayette County, West Virginia, did heretofore, by Resolution and Order adopted on January 15, 1998, propose the expansion of New Haven Public Service District and the merger of Beckwith Public Service District and Mossy Public Service District into New Haven Public Service District;

WHEREAS, by said January 15, 1998, Resolution and Order, the County Commission of Fayette County did set a hearing on the proposed expansion of New Haven Public Service District and the merger of Beckwith Public Service District and Mossy Public Service District into New Haven Public Service District; filed with the Clerk of the County Commission of Fayette County a copy of the Resolution and Order; notified the Clerk of the County Commission of Fayette County of the date, time, location, and purpose of said hearing; required notice of said hearing be given by Class I legal publication in Fayette County and required the Clerk of the County Commission of Fayette County to cause a copy of the Resolution and Order to be filed with the Executive Secretary of the Public Service Commission;

WHEREAS, notice of the February 4, 1998, hearing has been given in the manner provided and required by said Resolution and Order and by West Virginia Code §16-13A-2, and all interested parties have been afforded an opportunity of being heard for and against the expansion of New Haven Public Service District and the merger of Beckwith Public Service District and Mossy Public Service District into New Haven Public Service District, but no written protest has been filed by the requisite number of qualified voters registered and residing within the existing boundaries of the Districts, and said County Commission has given due consideration to all matters for which such hearing was offered; and

WHEREAS, it is now deemed desirous by said County Commission to adopt a Resolution and Order, subject to the approval of the Public Service Commission of West Virginia, expanding New Haven Public Service District and merging Beckwith Public Service District and Mossy Public Service District into New Haven Public Service District, for the preservation of the public health, comfort, and convenience for the areas presently served by the Districts.

NOW, THEREFORE, BE IT, AND IT IS, HEREBY, RESOLVED AND ORDERED by the County Commission of Fayette County as follows:

1. That the County Commission of Fayette County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia, expands New Haven Public Service District and merges Beckwith Public Service District and Mossy Public Service District into New Haven Public Service District.

The service area of the expanded and merged New Haven Public Service District

shall be particularly defined as follows:

Beginning at the south west corner of the Mossy Public Service District system, said point having a latitude of 37°57'27" and longitude of 81°17'54"; thence running with the Mossy Public Service District boundary due north 2.5 miles to a point; thence running due east 6.0 miles to a point on the eastern slope of Lick Fork Ridge;

Thence departing the Mossy Public Service District boundary and extending 1.51 miles to a point along the Page-Kincaid Public Service District boundary, having a latitude of N 38°09'17" and a longitude of W 81°19'18"; thence following the Page-Kincaid boundary North 0.88 miles to a point having a latitude of N 38°01'03" and a longitude of W 81°10'18"; thence following the Page-Kincaid Public Service District boundary N 45°00' W 1.04 miles to a point having a latitude of N 38°01'41" and a longitude W 81°11'06" which is a point on the boundary between the Plateau and New Haven Magisterial Districts; thence following the Page-Kincaid Public Service District and the said Magisterial boundary 0.83 miles to a point which is the common corner of the Valley Magisterial District, the Plateau Magisterial District and the New Haven Magisterial having a latitude of N 38°02'04" and a longitude of W 81°12'09"; thence following the Page-Kincaid Public Service District boundary defined as the common boundary between the Valley Magisterial District and the New Haven Magisterial District northerly a distance of 3.68 miles to the beginning of the Beckwith Public Service District at a point known as Big Rock having a latitude of 38°02'45" and a longitude of 81°11'50";

Thence departing the Page-Kincaid Public Service District boundary and extending 7.0 miles Northeasterly along the Beckwith Public Service District boundary, which is also the boundary between the Valley Magisterial and New Haven Magisterial Districts to the intersection of the said magisterial boundary with the centerline of the New River, said point being a common point with the existing Beckwith Public Service District and having a latitude of N 38°08'03" and a longitude of W 81°09'03";

Thence departing the Beckwith Public Service District boundary and extending along the New Haven Public Service District boundary, which is also the boundary between said Valley and New Haven Magisterial Districts, 5.68 miles to a point in Route 60/3 having a latitude of N 38°03'07" and a longitude of W 81°05'26"; thence in a northeasterly direction 4.36 miles continuing with the said district boundary line to a point in the Gauley River, which is in the boundary of Nicholas County, having a latitude of N 38°11'45" and a longitude of W 81°04'29"; Thence in an easterly direction 26.90 miles with the existing boundary of New Haven Public Service District, which is also the Gauley River and the boundary of Nicholas County to a point having a latitude of N 38°06'12" and a longitude of W 80°52'56", which is the common point between Fayette, Nicholas and Greenbrier Counties; thence in a southerly direction 11.00 miles with the boundary of the New Haven Public Service District, also the boundary of Greenbrier County to a point, having a latitude of N 38°02'03" and a longitude of W 80°49'47"; thence west 10.98 miles leaving the Meadow River and the Greenbrier County Line, and running with the existing New Haven Public Service District boundary to a point in the New River having a latitude of N 38°02'30" and a longitude of W 81°01'53";

Thence departing the existing New Haven Public Service District boundary and running 10.03 miles with the New River in a southerly

direction to a point in the New River at the mouth of Dunloup Creek having a latitude of N 37o57'17" and a longitude of W 81o04'38"; thence extending 12.09 miles to the point of beginning.

The described revised New Haven Public Service District boundary will except the town limits of Fayetteville, the town limits of Ansted, the town limits of Oak Hill, Salem-Gatewood Public Service District, Arbuckle Public Service District, Wolf Creek Public Service District, and Ames Public Service District.

2. That the County Commission of Fayette County shall have jurisdiction over the expanded and merged district in accordance with West Virginia Code §16-13A etal. specifically including, but not limited to, appointing members of the public service board of the District.

3. That the Clerk of the Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission of West Virginia not less than ten (10) days following the adoption hereof.

Entered into the permanent record of Fayette County this day 4th day of February, 1998.

COUNTY COMMISSION OF FAYETTE COUNTY
WEST VIRGINIA

John E. Witt
PRESIDENT

COMMISSIONER

John N. Lyle
COMMISSIONER

ATTEST:

Kelvin E. Holliday
CLERK

IN THE COUNTY COMMISSION OF FAYETTE COUNTY, WEST VIRGINIA

A RESOLUTION AND ORDER FIXING A DATE OF HEARING ON THE CREATION OF A PROPOSED PUBLIC SERVICE DISTRICT IN THE NEW HAVEN DISTRICT OF FAYETTE COUNTY, WEST VIRGINIA, AND PROVIDING FOR PUBLICATION OF A NOTICE OF SUCH HEARING.

WHEREAS, there appeared before the County Commission of Fayette County, West Virginia, Herbert Zichafossa of the NUTTALL PUBLIC SERVICE DISTRICT and Neil Richardson of J. H. MILAM, INC., CONSULTING ENGINEERS, Dunbar, West Virginia, representing the residents and property owners in that certain geographical area of the New Haven Districts, more particularly described below,

AND, WHEREAS, the said persons asked the Commissioners of said Commission to create a Public Service District within the area above described, and to be known as the New Haven Public Service District; thus combining the NUTTALL and MOUNTAIN COVE PUBLIC SERVICE DISTRICTS, and

WHEREAS, pursuant to provisions of Article 13-A of Chapter 16 of the Code of West Virginia, as amended, the County Commission is required to fix a date for hearing on the Creation of a proposed Public Service District;

NOW, THEREFORE, be it and it is hereby RESOLVED and ORDERED by the County Commission of Fayette County, West Virginia, as follows:

SECTION 1: That the County Commission of Fayette County, West Virginia, proposes to create a Public Service District in the area of the New Haven District, as described below.

SECTION 2: That it is proposed that the name and corporate title of said Public Service District shall be the "New Haven Public Service District".

SECTION 3: That the territory to be embraced in the said Public Service District shall be as follows:

BEGINNING at a point in the Gauley River, said point being a common corner of the Nicholas, Fayette, and Greenbrier County boundaries and having a latitude of N 38° 06' 12" and a longitude of W 80° 52' 56";

THENCE, in a southern direction 11.00 miles with the boundary of Greenbrier County to a point having a latitude of N 38° 02' 30" and a longitude of W 80° 49' 47";

THENCE, West, 10.98 miles leaving the Gauley River and running to a point in the New River having a latitude of N 38° 02' 30" and a longitude of W 81° 01' 53";

THENCE, in a northwest direction, 11.36 miles with the New River to a point in the Valley Magisterial District having a latitude of N 38° 08' 03" and a longitude of W 81° 09' 03";

THENCE, in a northeastern direction 5.68 miles with the boundary of the Valley Magisterial District to a point in Route 60/3 having a latitude of N 38° 08' 07" and a longitude of W 81° 05' 26";

THENCE, in a northeast direction 4.36 miles leaving Route 60/3 and continuing with the boundary of the Valley Magisterial District to a point in Gauley River, which is in the boundary of Nicholas County having a latitude of N 38° 11' 45" and a longitude of W 81° 04' 29";

THENCE, in a eastern direction 26.90 miles with the Gauley River and the boundary of Nicholas County to the point of BEGINNING, containing an area of 124.1 square miles, all of which is in the New Haven Magisterial District, Fayette County, and excluding the Town of Ansted.

SECTION 4: That the purpose of said Public Service District shall be to construct and/or acquire by purchase

or otherwise and to maintain, operate, improve and extend facilities and properties supplying water and sewage disposal services in such territory and also outside such territory to the extent permitted by law;

SECTION 5: That 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, but will change the NUTTALL and MOUNTAIN COVE PUBLIC SERVICE DISTRICTS' boundaries to the above described boundaries, nor does such territory include within its limits any city, incorporated town or other municipal corporation, as the Town of Ansted is excluded from this Public Service District.

SECTION:6: That on February 8, 1973, at the hour of 11:00 o'clock, a.m., this County Commission shall meet in the Fayette County Courthouse at Fayetteville, 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, owning or having any interest in property in the area embraced by the proposed Public Service District may appear before this Court and shall have an opportunity to be heard for and against the creation of said District, and at such hearing, the County Commission shall consider and determine the feasibility of creation of the proposed Public Service District.

SECTION 7: That the County Commission Clerk of Fayette County, West Virginia, is hereby authorized to cause due and sufficient notice of such hearing to be

published in The Fayette Tribune, a newspaper of general circulation in the County of Fayette, West Virginia, as required by law.

WHEREUPON, the Court declared the motion duly carried and said Resolution and Order duly adopted.

Upon motion and vote, the meeting adjourned.

JAN 4 1973

President

ATTEST:

Clerk

38/170

IN THE COUNTY COMMISSION OF FAYETTE COUNTY WEST VIRGINIA

RESOLUTION AND ORDER CREATING THE NEW HAVEN PUBLIC SERVICE DISTRICT TO INCLUDE THE TOWN OF ANSTED, ALL IN FAYETTE COUNTY WEST VIRGINIA, TO BE KNOWN AS THE NEW HAVEN PUBLIC SERVICE DISTRICT OF FAYETTE COUNTY WEST VIRGINIA

WHEREAS, it is now deemed desirable by the said County Commission of Fayette County, West Virginia, to adopt a Resolution and Order creating The New Haven Public Service District to include the Town of Ansted, all in Fayette County, West Virginia, to be known as The New Haven Public Service District of Fayette County, West Virginia; this Resolution and Order being pursuant to the Resolution and Order entered herein August 6, 1980, and further being pursuant to the Notice of Public Hearing and the Hearing held herein September 24, 1980;

NOW, THEREFORE,

BE IT, and it is hereby resolved and ordered by the County Commission of Fayette County, West Virginia, as follows:

SECTION 1. That a public service district to be known as New Haven Public Service District of Fayette County, West Virginia, including the Town of Ansted in said County and STate, is hereby created, and said district shall have the following described boundaries:

BEGINNING at a point in the Gauley River, said point being a common corner of the Nicholas, Fayette, and Greenbrier County boundaries and having a latitude of N 38° 06' 12" and a longitude of W 80° 52' 56";

THENCE, in a southern direction 11.00 miles with the boundary of Greenbrier County to a point having a latitude of N 38° 02' 30" and a

THENCE, west, 10.98 miles leaving the Gauley River and running to a point in the New River having a latitude of N 38° 02' 30" and a longitude of W 81° 01' 53";

THENCE, in a northwest direction, 11.36 miles with the New River to a point in the Valley Magisterial District having a latitude of N 38° 08' 03" and a longitude of W 81° 09' 03";

THENCE, in a northeastern direction 5.68 miles with the boundary of the Valley Magisterial District to a point in Route 60/3 having a latitude of N 38° 08' 07" and a longitude of W 81° 05' 26";

THENCE, in a northeast direction 4.36 miles leaving Route 60/3 and continuing with the boundary of the Valley Magisterial District to a point in Gauley River, which is in the boundary of Nicholas County having a latitude of N 38° 11' 45" and a longitude of W 81° 04' 29";

THENCE, in an eastern direction 26.90 miles with the Gauley River and the boundary of Nicholas County to the point of beginning, containing an area of 124.1 square miles including the Town of Ansted, all of which is within the New Haven Magisterial District of Fayette County, West Virgina.

SECTION 2. That said Public Service District so created shall have the name and corporate title of "The New Haven Public Service District," and shall constitute a public corporation and a political subdivision of the State of West Virginia, having all the rights and powers conferred upon Public Service Districts by the laws of the State of West Virginia, particularly

Article 13-A, of Chapter 16, of the West Virginia Code, as amended.

SECTION 3. That the County Commission of Fayette County, West Virginia, has determined that the territory within Fayette County, West Virginia, having the boundaries herein described and set forth, is so situate that the construction or acquisition by purchase, or otherwise, and the maintenance, operation, improvement and extension of properties and facilities supplying both water and sewerage disposal services in such territory by said Public Service District, shall be conducive to the preservation of the public health, comfort, and convenience of the residents thereof.

Adopted by the County Commission of Fayette County, West Virginia, on this the 29 day of OCTOBER, 1980.

By: James E. Lively
President

ATTEST:

Clerk

AT A SPECIAL SESSION OF THE COUNTY COMMISSION OF FAYETTE COUNTY, WEST VIRGINIA, CONTINUED AND HELD FOR SAID COUNTY AT THE COURTHOUSE THEREOF ON FRIDAY, THE 14TH DAY OF JULY, 2000, A.D.

MEMBERS: GENE CARTE, JR., PRESIDENT
and JOHN L. WITT, JR. and JOHN H. LOPEZ,
COMMISSIONERS OF THE COUNTY

ORDER PROPOSING THE MERGER OF AMES PUBLIC SERVICE DISTRICT WITH AND INTO NEW HAVEN PUBLIC SERVICE DISTRICT; DESCRIBING THE PROPOSED SERVICE TERRITORY OF THE MERGED DISTRICT; SCHEDULING A HEARING ON THE PROPOSED MERGER; AND PROVIDING FOR THE PUBLICATION, POSTING AND NOTIFICATION TO THE PUBLIC SERVICE COMMISSION THEREOF.

WHEREAS, Ames Public Service District ("Ames") is a public service district created by order of the County Commission of Fayette County, West Virginia (the "County Commission") as a public service district with both water and sewer authority;

WHEREAS, New Haven Public Service District ("New Haven") is a public service district created by order of the County Commission as a public service district with both water and sewer authority;

WHEREAS, Ames is situated entirely within the service territory of New Haven;

WHEREAS, New Haven and West Virginia-American Water Company (the "Company") have cooperated with the County Commission in the development, acquisition and construction of a regional water project known as the Fayette Plateau Regional Water Project (the "Project");

WHEREAS, New Haven and the Company propose to extend new water distribution lines to the area of Ames Heights, Fayette County and to provide finished water to current customers of Ames from the new water treatment plant being constructed as part of the Project (the "New Plant"); and

WHEREAS, in order to permit New Haven and the Company to extend water distribution lines and water from the New Plant to the Ames Heights area, it is necessary and desirable to merge Ames with and into New Haven (the "Proposed Merger").

NOW, THEREFORE, it is ORDERED by The County Commission of Fayette County, West Virginia as follows:

1. The County Commission hereby finds and determines that the Proposed Merger will be conducive to the preservation of public health, comfort and convenience of the citizens of Fayette County, and in particular the citizens of the Ames Heights area.

2. The County Commission, on its own motion and subject to approval of the Public Service Commission of West Virginia (the "PSC"), proposes the merger of Ames with and into New Haven, with the resulting service territory of New Haven to be particularly described as follows:

> Beginning at the south west corner of the Mossy Public Service District system, said point having a latitude of 37°57'27" and longitude of 81°17'54"; thence running with the Mossy Public Service District boundary due north 2.5 miles to a point; thence running due east 6.0 miles to a point on the eastern slope of Lick Fork Ridge;
>
> Thence departing the Mossy Public Service District boundary and extending 1.51 miles to a point along the Page-Kincaid Public Service District boundary, having a latitude of N 38°00'17" and a longitude of W 81°10'18"; thence following the Page-Kincaid boundary North 0.88 miles to a point having a latitude of N 38°01'03" and a longitude of W 81°10'18"; thence following the Page-Kincaid Public Service District boundary N 45°00' W 1.04 miles to a point having a latitude of N 38°01'41" and a longitude W 81°11'06" which is a point on the boundary between the Plateau and New Haven Magisterial Districts; thence following the Page-Kincaid Pubic Service District and the said Magisterial boundary 0.83 miles to a point which is the common corner of the Valley Magisterial District, the Plateau Magisterial District and the New Haven Magisterial having a latitude of N 38°02'04" and a longitude of W 81°12'09"; thence following the Page-Kincaid Public Service District boundary defined as the common boundary between the Valley Magisterial District and the New Haven Magisterial District northerly a distance of 3.68 miles to the beginning of the Beckwith Public Service District at a point known as Big Rock having a latitude of 38°02'45" and a longitude of 81°11'50";
>
> Thence departing the Page-Kincaid Public Service District boundary and extending 7.0 miles Northeasterly along the

Beckwith Public Service District boundary, which is also the boundary between the Valley Magisterial and New Haven Magisterial Districts to the intersection of the said magisterial boundary with the centerline of the New River, said point being a common point with the existing Beckwith Public Service District and having a latitude of N 38°08'03" and a longitude of W 81°09'03";

Thence departing the Beckwith Public Service District boundary and extending along the New Haven Public Service District boundary, which is also the boundary between said Valley and New Haven Magisterial Districts, 5.68 miles to a point in Route 60/3 having a latitude of N 38°08'07" and a longitude of W 81°05'26"; thence in a northeasterly direction 4.36 miles continuing with the said district boundary line to a point in the Gauley River, which is in the boundary of Nicholas County, having a latitude of N 38°11'45" and a longitude of W 81°04'29": Thence in an easterly direction 26.90 miles with the existing boundary of New Haven Public Service District, which is also the Gauley River and the boundary of Nicholas County to a point having a latitude of N 38°06'12" and a longitude of W 80°52'56", which is the common point between Fayette, Nicholas and Greenbrier Counties; thence in a southerly direction 11.00 miles with the boundary of the New Haven Public Service District, also the boundary of Greenbrier County to a point, having a latitude of N 38°02'03" and a longitude of W 80°49'47"; thence west 10.98 miles leaving the Meadow River and the Greenbrier County Line, and running with the existing New Haven Public Service District boundary to a point in the New River having a latitude of N 38°02'30" and a longitude of W 81°01'53";

Thence departing the existing New Haven Public Service District boundary and running 10.03 miles with the New River in a southerly direction to a point in the New River at the mouth of Dunloup Creek having a latitude of N 37°57'17" and a longitude of W 81°04'38"; thence extending 12.09 miles to the point of beginning.

The described revised New Haven Public Service District boundary will except the town limits of Fayetteville, the town limits of Ansted, the town limits of Oak Hill, Salem-Gatewood Public Service District, Arbuckle Public Service District and Wolfe Creek Public Service District.

On the Effective Date as defined in Section 3 hereof, the description of service territory in this Section 2 is intended to supersede and replace the various legal descriptions of New Haven's service territory in the prior orders of the County Commission.

3. The County Commission further proposes that the Proposed Merger become effective on the later to occur of the following dates (the "Effective Date"): (i) the date on which the PSC enters a final order approving the Proposed Merger, and (ii) the date on which the construction of the New Plant and the water distribution lines to serve Ames customers has been substantially completed and water service from the New Plant is available to the Ames customers.

4. At 10:00 a.m. on Thursday, August 3, 2000 at the hearing room of the County Commission in the Fayette County Courthouse, Fayetteville, West Virginia, the County Commission will hold a public hearing on the Proposed Merger, which hearing date is not more than forty days nor fewer than twenty days from the date of this Order. All persons residing in or owning or having any interest in property in the territory encompassed by the Proposed Merger shall have an opportunity to be heard for and against the Proposed Merger.

5. The Clerk of the County Commission of ~~Cabell~~ Fayette County (the "Clerk") is directed to cause notice of the hearing in substantially the form attached as Exhibit A hereto (with such minor or technical changes, if any, as the Clerk may deem necessary or convenient to effect the true intent of this Order) to be published as a Class I legal advertisement in compliance with W. Va. Code § 59-3-1, et seq., as amended, in The Fayette Tribune. The publication date for each such publication shall be at least ten days prior to the date set for the hearing.

6. The Clerk is further directed to cause notice of the hearing in substantially the form attached as Exhibit A (with such minor or technical changes, if any, as the Clerk may deem necessary or convenient to effect the true intent of this Order) to be posted in at least five conspicuous public places within the territory to be encompassed by the Proposed Merger. The posting shall occur at least ten days prior to the date set for the hearing.

7. The Clerk is further directed to provide the Executive Secretary of the PSC with a certified copy of this Order at least ten days before the hearing and to indicate in the accompanying letter the time and place of the hearing.

8. This Order shall become effective immediately upon entry.

By Order of the County Commission of Fayette County, West Virginia this 14TH day of July, 2000.

THE COUNTY COMMISSION OF FAYETTE COUNTY, WEST VIRGINIA

absent
PRESIDENT

John L. Witt
COMMISSIONER

John W. Loftus
COMMISSIONER

Attest:

Kelvin E. Holliday
Clerk

Exhibit A

NOTICE OF HEARING ON THE PROPOSED MERGER OF
AMES PUBLIC SERVICE DISTRICT WITH AND INTO
NEW HAVEN PUBLIC SERVICE DISTRICT

On July 14, 2000, the County Commission of Fayette County (the "County Commission") proposed the merger of Ames Public Service District with and into New Haven Public Service District ("New Haven"). If the proposed merger is approved, New Haven's service territory will be particularly described as follows:

> Beginning at the south west corner of the Mossy Public Service District system, said point having a latitude of 37°57'27" and longitude of 81°17'54"; thence running with the Mossy Public Service District boundary due north 2.5 miles to a point; thence running due east 6.0 miles to a point on the eastern slope of Lick Fork Ridge;
>
> Thence departing the Mossy Public Service District boundary and extending 1.51 miles to a point along the Page-Kincaid Public Service District boundary, having a latitude of N 38°00'17" and a longitude of W 81°10'18"; thence following the Page-Kincaid boundary North 0.88 miles to a point having a latitude of N 38°01'03" and a longitude of W 81°10'18"; thence following the Page-Kincaid Public Service District boundary N 45°00' W 1.04 miles to a point having a latitude of N 38°01'41" and a longitude W 81°11'06" which is a point on the boundary between the Plateau and New Haven Magisterial Districts; thence following the Page-Kincaid Pubic Service District and the said Magisterial boundary 0.83 miles to a point which is the common corner of the Valley Magisterial District, the Plateau Magisterial District and the New Haven Magisterial having a latitude of N 38°02'04" and a longitude of W 81°12'09"; thence following the Page-Kincaid Public Service District boundary defined as the common boundary between the Valley Magisterial District and the New Haven Magisterial District northerly a distance of 3.68 miles to the beginning of the Beckwith Public Service District at a point known as Big Rock having a latitude of 38°02'45" and a longitude of 81°11'50";

Thence departing the Page-Kincaid Public Service District boundary and extending 7.0 miles Northeasterly along the Beckwith Public Service District boundary, which is also the boundary between the Valley Magisterial and New Haven Magisterial Districts to the intersection of the said magisterial boundary with the centerline of the New River, said point being a common point with the existing Beckwith Public Service District and having a latitude of N 38°08'03" and a longitude of W 81°09'03";

Thence departing the Beckwith Public Service District boundary and extending along the New Haven Public Service District boundary, which is also the boundary between said Valley and New Haven Magisterial Districts, 5.68 miles to a point in Route 60/3 having a latitude of N 38°08'07" and a longitude of W 81°05'26"; thence in a northeasterly direction 4.36 miles continuing with the said district boundary line to a point in the Gauley River, which is in the boundary of Nicholas County, having a latitude of N 38°11'45" and a longitude of W 81°04'29": Thence in an easterly direction 26.90 miles with the existing boundary of New Haven Public Service District, which is also the Gauley River and the boundary of Nicholas County to a point having a latitude of N 38°06'12" and a longitude of W 80°52'56", which is the common point between Fayette, Nicholas and Greenbrier Counties; thence in a southerly direction 11.00 miles with the boundary of the New Haven Public Service District, also the boundary of Greenbrier County to a point, having a latitude of N 38°02'03" and a longitude of W 80°49'47"; thence west 10.98 miles leaving the Meadow River and the Greenbrier County Line, and running with the existing New Haven Public Service District boundary to a point in the New River having a latitude of N 38°02'30" and a longitude of W 81°01'53";

Thence departing the existing New Haven Public Service District boundary and running 10.03 miles with the New River in a southerly direction to a point in the New River at the mouth of Dunloup Creek having a latitude of N 37°57'17" and a longitude of W 81°04'38"; thence extending 12.09 miles to the point of beginning.

The described revised New Haven Public Service District boundary will except the town limits of Fayetteville, the town limits of Ansted, the town limits of Oak Hill, Salem-Gatewood Public Service District, Arbuckle Public Service District and Wolfe Creek Public Service District.

The County Commission will hold a public hearing on the proposed merger at 10:00 a.m. on Thursday, August 3, 2000 in the County Commission hearing room in the Fayette County Courthouse, Fayetteville, West Virginia. All persons residing in or owning or having any interest in property in the territory encompassed by the merged service territory of New Haven shall have an opportunity to be heard for and against the proposed merger.

\s\ Kelvin Holliday
Clerk of the County Commission of
Fayette County, West Virginia

BEFORE THE PUBLIC SERVICE BOARD OF
AMES PUBLIC SERVICE DISTRICT

RESOLUTION APPROVING PLAN TO NOTIFY CURRENT CUSTOMERS OF AMES PUBLIC SERVICE DISTRICT OF LIMITED SERVICE LINE REPLACEMENT PLAN; AUTHORIZING NOTICE OF SUCH PLAN TO BE DISTRIBUTED TO CUSTOMERS OF AMES PUBLIC SERVICE DISTRICT; AUTHORIZING THE IMPOSITION OF A PAYMENT PLAN ON CERTAIN AMES PUBLIC SERVICE DISTRICT CUSTOMERS AFTER THE EFFECTIVE DATE OF THE MERGER OF AMES PUBLIC SERVICE DISTRICT WITH AND INTO NEW HAVEN PUBLIC SERVICE DISTRICT; PROVIDING NOTICE OF DELINQUENCIES TO NEW HAVEN PUBLIC SERVICE DISTRICT; AND PROVIDING FOR USE OF BALANCE OF AMES PUBLIC SERVICE DISTRICT FUNDS.

WHEREAS, New Haven Public Service District ("New Haven") is participating in the construction of a regional water project in Fayette County, West Virginia (the "Project");

WHEREAS, the County Commission of Fayette County (the "County Commission") has proposed the merger of Ames Public Service District ("Ames") with and into New Haven for the purpose of extending water service from the Project to the Ames Heights area (the "Merger");

WHEREAS, although the Merger was approved by the County Commission on August 3, 2000, the Merger will not be effective until it is approved by the Public Service Commission of West Virginia (the "Commission");

WHEREAS, New Haven anticipates constructing new water distribution lines in the Ames area prior to approval of the Merger;

WHEREAS, the location of the new water distribution lines may necessitate the replacement of the service lines of certain Ames customers;

WHEREAS, certain Ames customers whose service lines must be replaced may be delinquent in their water payments to Ames (if any, the "Delinquent Ames Customers"), and the Public Service Board of Ames desires that any Delinquent Ames Customers be required to enter into a payment plan with New Haven or its agent and to have their service lines replaced from a source other than funds of Ames;

WHEREAS, Public Service Commission rules nonetheless require that all customers whose existing points of service will be moved have there service lines replaced. even if their accounts are delinquent, and New Haven and West Virginia-American Water Company (the "Company") will be required to replace them;

WHEREAS, engineers for New Haven, in cooperation with Ames and the Company, have developed a plan (the essential terms of which are summarized in Exhibit A hereto) (the "Plan") to address the need to replace those service lines; and

WHEREAS, the Public Service Board of Ames approves the Plan and desires to authorize New Haven or its agent to distribute notice of the Plan in substantially the form attached hereto as Exhibit A to Ames customers.

NOW, THEREFORE, BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF AMES PUBLIC SERVICE DISTRICT AS FOLLOWS:

1. Ames hereby approves the Plan and authorizes New Haven or its agent to distribute a notice in substantially the form attached hereto as Exhibit A to the current customers of Ames.

2. Ames will pay from its existing funds the cost of those customers who qualify for service line replacement under the Plan <u>if</u> those customers are current in their water bills to Ames. If there are any customers who qualify for service line replacement under the Plan and who do are not current in their water bills to Ames, either New Haven or its agent will replace their service lines.

3. Ames pledges its continued cooperation with the Company and New Haven in the execution and implementation of the Plan.

4. On or before the Effective Date of the Merger, Ames will request that New Haven, in cooperation with the Company, impose a payment plan on the Ames customers with delinquent accounts with Ames, whether or not they must have their service lines replaced under the Plan. Ames will provide detailed information on the delinquencies to the Company or New Haven.

5. If there are any funds available to Ames after Ames pays for service line replacement as described in Section 2 hereof, Ames will formally recommend to the Fayette County Commission that the balance be devoted to a specified charitable purpose.

6. This Resolution shall be effective immediately upon adoption.

DATED this 7th day of August, 2000.

NEW HAVEN PUBLIC SERVICE DISTRICT

Chairman, Public Service Board

Secretary

Exhibit A **Notice to Customers of Ames Public Service District**

PLAN FOR SELECTED REPLACEMENT OF SERVICE LINES ON CONSTRUCTION OF NEW DISTRIBUTION SYSTEM

In August 2000, Bill Enyart & Sons, Inc., is expected to begin construction of a new water distribution system in the Ames Heights area for New Haven Public Service District. Stafford Consultants, Inc., has been working with customers to flag the locations for new meter boxes. Stafford has attempted, in most instances, to locate the meter box near your existing service line when the new distribution line is located on the same side of your dwelling as your existing service line.

Please review the proposed location of the new meter box (marked by the yellow flag) in relation to the location of your existing service line. If the yellow flag is more than five feet from your existing service line, Stafford will move the flag so that it is located within five feet. This will allow the contractor to connect the existing service line to the meter box without the need to replace the service line. If your flag is more than five feet from your service line, please call Ed Shutt or Cathy Durham at 304/425-9555 or call and leave a message for Clyde King at 304/658-5304 and provide the user number written on the flag.

If your existing service line is on the opposite side of your dwelling from the yellow flag, please locate your existing service line and call Clyde King at 304/658-5304. He will help you to determine a suitable location for the construction of a new service line from the meter box to the nearest point of your existing service line. This work will be performed by New Haven PSD or its agent at no cost to you. You will be required to sign a temporary construction easement to complete this work.

Whether the meter box is connected to your existing service line or a new service line, you will own the service line, just as you do now. New Haven PSD will not assume any ongoing responsibility to maintain or repair the service line.

This program is not intended to replace deteriorating or defective service lines or house plumbing. The water quality and operating pressures in the new distribution system will be higher than the Ames PSD system. If your existing service line is deteriorating or defective, you may want to install a new one, since you will be responsible to pay for all water which runs through the meter, even if there is a leak in your service line.

Ames PSD believes that those customers who have not been paying their water bills should not receive new service lines. Therefore, Ames PSD will only replace the service lines of customers in good standing. However, Public Service Commission regulations require that all qualifying customers receive new service lines, not just those who are current in their water payments. If you qualify to have your service line replaced and if you still owe any water bills from December 1996 through today, New Haven PSD or its agent will pay for your new service line. However, you will be required to pay all of your

delinquent water bills or to enter into a payment plan with New Haven. If you do not, you will not receive water service when the new water distribution system becomes operational. Ames PSD soon will be providing its books of account showing delinquencies since December 1996 to New Haven. If you receive notice of a delinquency, we urge you to pay it or to enter into a payment plan.

Ames PSD will be merged into New Haven PSD as part of the Fayette County Regional Water Plan. If you have any further questions, please contact _____ at _____.

_____
Chairman, New Haven Public Service District

NOTICE OF HEARING ON THE PROPOSED MERGER OF
AMES PUBLIC SERVICE DISTRICT WITH AND INTO
NEW HAVEN PUBLIC SERVICE DISTRICT

On July 14, 2000, the County Commission of Fayette County (the "County Commission") proposed the merger of Ames Public Service District with and into New Haven Public Service District ("New Haven"). If the proposed merger is approved, New Haven's service territory will be particularly described as follows:

> Beginning at the south west corner of the Mossy Public Service District system, said point having a latitude of 37°57'27" and longitude of 81°17'54"; thence running with the Mossy Public Service District boundary due north 2.5 miles to a point; thence running due east 6.0 miles to a point on the eastern slope of Lick Fork Ridge;
>
> Thence departing the Mossy Public Service District boundary and extending 1.51 miles to a point along the Page-Kincaid Public Service District boundary, having a latitude of N 38°00'17" and a longitude of W 81°10'18"; thence following the Page-Kincaid boundary North 0.88 miles to a point having a latitude of N 38°01'03" and a longitude of W 81°10'18"; thence following the Page-Kincaid Public Service District boundary N 45°00' W 1.04 miles to a point having a latitude of N 38°01'41" and a longitude W 81°11'06" which is a point on the boundary between the Plateau and New Haven Magisterial Districts; thence following the Page-Kincaid Pubic Service District and the said Magisterial boundary 0.83 miles to a point which is the common corner of the Valley Magisterial District, the Plateau Magisterial District and the New Haven Magisterial having a latitude of N 38°02'04" and a longitude of W 81°12'09"; thence following the Page-Kincaid Public Service District boundary defined as the common boundary between the Valley Magisterial District and the New Haven Magisterial District northerly a distance of 3.68 miles to the beginning of the Beckwith Public Service District at a point known as Big Rock having a latitude of 38°02'45" and a longitude of 81°11'50";

Thence departing the Page-Kincaid Public Service District boundary and extending 7.0 miles Northeasterly along the Beckwith Public Service District boundary, which is also the boundary between the Valley Magisterial and New Haven Magisterial Districts to the intersection of the said magisterial boundary with the centerline of the New River, said point being a common point with the existing Beckwith Public Service District and having a latitude of N 38°08'03" and a longitude of W 81°09'03";

Thence departing the Beckwith Public Service District boundary and extending along the New Haven Public Service District boundary, which is also the boundary between said Valley and New Haven Magisterial Districts, 5.68 miles to a point in Route 60/3 having a latitude of N 38°08'07" and a longitude of W 81°05'26"; thence in a northeasterly direction 4.36 miles continuing with the said district boundary line to a point in the Gauley River, which is in the boundary of Nicholas County, having a latitude of N 38°11'45" and a longitude of W 81°04'29": Thence in an easterly direction 26.90 miles with the existing boundary of New Haven Public Service District, which is also the Gauley River and the boundary of Nicholas County to a point having a latitude of N 38°06'12" and a longitude of W 80°52'56", which is the common point between Fayette, Nicholas and Greenbrier Counties; thence in a southerly direction 11.00 miles with the boundary of the New Haven Public Service District, also the boundary of Greenbrier County to a point, having a latitude of N 38°02'03" and a longitude of W 80°49'47"; thence west 10.98 miles leaving the Meadow River and the Greenbrier County Line, and running with the existing New Haven Public Service District boundary to a point in the New River having a latitude of N 38°02'30" and a longitude of W 81°01'53";

Thence departing the existing New Haven Public Service District boundary and running 10.03 miles with the New River in a southerly direction to a point in the New River at the mouth of Dunloup Creek having a latitude of N 37°57'17" and a longitude of W 81°04'38"; thence extending 12.09 miles to the point of beginning.

The described revised New Haven Public Service District boundary will except the town limits of Fayetteville, the town limits of Ansted, the town limits of Oak Hill, Salem-Gatewood Public Service District, Arbuckle Public Service District and Wolfe Creek Public Service District.

The County Commission will hold a public hearing on the proposed merger at a special meeting of the County Commission at 10:30 a.m. on Thursday, August 3, 2000 in the County Commission hearing room in the Fayette County Courthouse, Fayetteville, West Virginia. All persons residing in or owning or having any interest in property in the territory encompassed by the merged service territory of New Haven shall have an opportunity to be heard for and against the proposed merger.

\s\ Kelvin Holliday
Clerk of the County Commission of
Fayette County, West Virginia

FAYETTE COUNTY COMMISSION

On this the 9th day of July, 1997, it appearing to the Commission that the term of office of Ms. Imogene Pennington, as a member of the New Haven Public Service District expired on October 29, 1994, and upon recommendation of the Board it is hereby ordered that Ms. Imogene Pennington be and she is hereby reappointed as a Commissioner of said New Haven Public Service District as and of October 29, 1994, to serve for and during a period of six years, said term to expire October 29, 2000.

This order not having been presented on October 29, 1994, is entered nunc pro tunc.

FAYETTE COUNTY COMMISSION

John L. Witt

John L. Witt, President

John H. Lopez

John H. Lopez, Commissioner

Gene Carte, Jr., Commissioner

FAYETTE COUNTY COMMISSION

On this the 5th day of May, 1999, it appearing to the Fayette County Commission that due to the resignation of Mr. Frank Hill a vacancy exists for a Board Member of the New Haven Public Service District and upon recommendation of the Commission, it is hereby ordered that Ann Berry of Winona, West Virginia, be appointed to fill the unexpired term of Frank Hill on said New Haven Public Service District, said term to expire October 29, 2002.

Gene Carte, Jr., President

John H. Lopez, Commissioner

John L. Witt, Commissioner

FAYETTE COUNTY COMMISSION

On this the 15th day of January, 1993, it appearing to the Commission that the term of office of Mr. Kenneth Hayes of Victor, West Virginia, as a member of the New Haven Public Service District expired on October 29, 1992, and upon recommendation of the Board it is hereby ordered that Mr. Kenneth Hayes be and he is hereby re-appointed as a Commissioner of said New Haven Public Service District as and of October 29, 1992, to serve for and during a period of six years, said term to expire October 29, 1998.

FAYETTE COUNTY COMMISSION

Gene Carte, Jr., President

John H. Lopez, Commissioner

John L. Witt, Commissioner

BEFORE THE COUNTY COMMISSION OF FAYETTE COUNTY

RESOLUTION AND ORDER *NUNC PRO TUNC* APPOINTING KENNETH R. HAYES TO THE PUBLIC SERVICE BOARD OF NEW HAVEN PUBLIC SERVICE DISTRICT

WHEREAS, Kenneth R. Hayes was appointed to the Public Service Board of New Haven Public Service District on January 15, 1993, for a term to expire on October 29, 1998;

WHEREAS, The County Commission of Fayette County can find no record of the re-appointment of Kenneth R. Hayes and he has continued to serve on the Public Service Board of New Haven Public Service District to the present date;

WHEREAS, The County Commission of Fayette County has not appointed any other individual to serve as Kenneth R. Hayes's replacement on the Public Service Board of New Haven Public Service District;

WHEREAS, it is now deemed desirous by said County Commission to adopt a resolution and order *nunc pro tunc* appointing Kenneth R. Hayes to the Public Service Board of New Haven Public Service District effective October 29, 1998, for a term to expire on October 29, 2004.

NOW, THEREFORE, BE IT, AND IT IS, HEREBY, RESOLVED AND ORDERED, by The County Commission of Fayette County, West Virginia, as follows:

1. That The County Commission of Fayette County, West Virginia, does hereby appoint Kenneth R. Hayes to the Public Service Board of New Haven Public Service District effective as of October 29, 1998, for a term to expire on October 29, 2004.

Entered *NUNC PRO TUNC* in the permanent record of Fayette County, West Virginia, this 23rd day of February, 2000.

Executed on the 23rd day of February, 2000.

THE COUNTY COMMISSION OF
FAYETTE COUNTY, WEST VIRGINIA

President

Commissioner

Commissioner

ATTEST:

Clerk

02/22/00
658590/99001

CH367091.1

OFFICIAL OATH

STATE OF WEST VIRGINIA,

COUNTY OF FAYETTE, ss:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Commission/Member of the New Haven Public Service District for a 6, year term of office

in said county and state to the best of my skill and judgment: SO HELP ME GOD.

Iomogene Pennington

Iomogene Pennington

Subscribed and sworn to before me in my said county and state this the 22nd day of February, ~~19~~ 2000

Stephanie J. Harrah

Deputy County Clerk

OFFICIAL OATH

STATE OF WEST VIRGINIA,

COUNTY OF FAYETTE, ss:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Commissioner/ Member of the New Haven Public Service District for a six year term of office

in said county and state to the best of my skill and judgment: SO HELP ME GOD.

Ann Berry

Ann Berry

Subscribed and sworn to before me in my said county and state this the 22nd day of February, ~~19~~ 2000

Stephanie J. Harrah

Deputy County Clerk

OFFICIAL OATH

STATE OF WEST VIRGINIA,

COUNTY OF FAYETTE, ss:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Commissioner/Member of the New Haven Public Service District for a six year term of office

in said county and state to the best of my skill and judgment: SO HELP ME GOD.

Kenneth Hayes

Subscribed and sworn to before me in my said county and state this the 2nd day of March, ~~19~~ 2000

Linda Johnson

Deputy County Clerk

RULES OF PROCEDURE

NEW HAVEN PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: NEW HAVEN PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at the County Commission Meeting Room in the Fayette County Courthouse, in Fayetteville, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed New Haven 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 Fayette 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 on the 1st and 3rd Monday of each 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 Fayette County Courthouse or such other 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 location by the Secretary of the Public Service Board not less than 48 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Fayette County Courthouse or such other place fixed for the regular meetings of the Public Service Board not less than 48 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Secretary and a Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary, sign the minutes of all

meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 22nd day of February, 2000.

02/29/00
658590/99001

CL566578.1

The Fayette Tribune

ESTABLISHED IN 1897

417 MAIN STREET
OAK HILL, WEST VIRGINIA 25901
TELEPHONE: 469-3373

CERTIFICATE OF PUBLICATION Fee for Publication $ 158.22

I, Robert R. Hammond, publisher of The Fayette Tribune, a semi-weekly newspaper, published in the City of Oak Hill, County of Fayette, State of West Virginia, do hereby declare that the herewith attached, was published in said newspaper in its issue date the 10th and 17th day of March, 1997

(Signed) _____

Robert R. Hammond
Publisher

SIGNED AND SWORN TO and before me this 17th day of March, 1997

(Signed) _____

Notary Public

My Commission Expires July 13, 2004

RECEIVED
97 APR -1 PM 2:35
SECRETARY'S OFFICE

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
CHARLESTON

CASE NO. 96-1477-PWD-PC-CN

WEST VIRGINIA-AMERICAN WATER COMPANY, a public utility, THE COUNTY COMMISSION OF FAYETTE COUNTY AND NEW HAVEN PUBLIC SERVICE DISTRICT, a public utility,

Joint Application for certificate of convenience and necessity for the construction of facilities to provide potable water to unserved areas of Fayette County and to stabilize and enhance the availability of raw water and finished water supplies for other areas to be served with water service within Fayette County.

NOTICE OF FILING

WHEREAS, on December 2, 1996, West Virginia-American Water Company ("Company"), County Commission of Fayette County ("County Commission") and New Haven Public Service District ("District"), filed a joint application for a certificate of convenience and necessity to provide potable water to unserved areas of Fayette County and to stabilize and enhance the availability of raw and finished water supplies for other areas to be served with water service within Fayette County ("Project"); and

WHEREAS, the joint applicants estimate that construction will cost approximately $41,900,000 and will be financed by $23.3 million for the project through a traditional mix of debt and equity by the Company, and will utilize the issuance of Industrial Development Bonds through the County Commission and $18.6 million through the District consisting of $12,028,000 from a loan evidenced by revenue bonds of the District, at an interest rate not to exceed 3% and repayable over a period not to exceed forty (40) years, from the West Virginia Jobs Development and Infrastructure Council which District revenue bonds are to be repaid from the proceeds of a "use fee" paid by the Company to the District and $6,551,000 in grants to be raised from various public sources, such as the Infrastructure Council Governor's Small Cities Block Grants, Appalachian Regional Commission, Abandoned Mine Lands, West Virginia Economic Development Authority and the Army Corps of Engineers; and

WHEREAS, District's portion of the Project consists of approximately $18.6 million, principally for water transmission and distribution lines to provide enhanced service to some customers in the area or new water service to various currently unserved areas of Fayette County with water from the Project, including Meadow Fork/Sanger Road, Ansted and vicinity, Route 60-West of Ansted, Route 19 south of Fayetteville, the areas currently served by Salem-Gatewood Public Service District, and unserved areas of the District, including Victor Shade Creek, Hopewell, Mountain Cove, Eastern Hico, Western Hico, Lavista, Lookout, Ames Heights, Winona, Lansing, and Edmond. The District will operate and maintain the system service these areas through a written operation maintenance agreement with the Company; and

WHEREAS, the Company has requested in the joint application and anticipates implementing a Special Project Step Rate to be included in the Company's rate structure for the impact of the construction expenditures for the Project. Company anticipates filing for Commission implementation of such Special Project Step Rates at least seventy-five days in advance of the date of those rate changes.

WHEREAS, under the operation and maintenance agreement between the District and the Company, it is the intention of the joint applicants that the rates which the customers of the District will be charged will mirror those of the Company as approved from time to time by the Public Service Commission of West Virginia.

WHEREAS, the rates of the Company will change as a result of certain rate increases to which the Company is currently entitled and may change as a result of certain other rate increases which the Company has pending on request or may file before the Commission; and

WHEREAS, the District anticipates that the customers who will be served by the Project at the completion of the Project will be charged the following monthly rates based on the known rate increases to which the Company is currently entitled and the Special Project Step Rates requested in this case, not to exceed:

Available for general, domestic, commercial and industrial service.

Rate:

First 2,000 gallons used per month at the minimum charge. Next 28,000 gallons used per month $5.1050 per 1,000 gallons. Next 870,000 gallons user per month $3.2286 per 1,000 gallons. Next 8,100,000 gallons used per month $2.8775 per 1,000 gallons. All over 9,000,000 gallons used per month $2.0781 per 1,000 gallons.

Minimum Charge

No bill will be rendered for less than the following amount according to the size of each meter installed, to wit: for customers having multiple meter settings, the minimum charge will be the sum of the minimum charges for each of the individual meters:

3/4-inch meter or less*	$14.14 per month
1-inch meter	33.91 per month
1-1/2 inch meter	66.85 per month
2-inch meter	106.37 per month
3-inch meter	198.59 per month
4-inch meter	330.35 per month
6-inch meter	659.71 per month
8-inch meter	1054.96 per month

*All residential customers shall be served through a 5/8-inch meter; provided, however, that the District may install a larger meter when reasonably necessary. This restriction shall not apply to residential meters currently in service. The District has also applied for or will apply for a tap fee of $250 that will be charged to prospective customers who tap onto the water line after construction of the district's portion of the Project proceeds past their residence. Further, the Company has indicated in the Joint Application that certain potential customers who were asked to participate in the Project, but elected not to do so, and who later request service from the Company may be subject to a capacity charge. The property and amount of such a capacity charge will not be decided in this proceeding.

The Application of the District shall be filed with the Commission on April 20, 1997. Anyone desiring to make objection to the Application must do so in writing, within thirty (30) days after the publication of this notice to P.O. Box 812, Charleston, West Virginia 25323.

Legal No. 124

(T) 3-10-97, 3-17-97

NEW HAVEN PUBLIC SERVICE DISTRICT

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

MINUTES ON ELECTION OF OFFICERS FOR YEAR 2000,
ADOPTION OF AMENDED RULES OF PROCEDURE, AND ADOPTION OF
BOND RESOLUTION

The undersigned Secretary of the Public Service Board of New Haven Public Service District, hereby certify that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

*** *** ***

The Public Service Board of New Haven Public Service District met in special session, pursuant to notice duly given, on the 22nd day of February, 2000, at Fayetteville, West Virginia, at the hour of 11:00 a.m.

PRESENT:	Imogene Pennington	- Secretary and Member
	Ann Berry	- Member
ABSENT:	Kenneth R. Hayes	- Chairman and Member

Ann Berry, acted as Chairman, presided, and Imogene Pennington, acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, following nomination and vote for each office, the following member was elected to the following office for the 2000 calendar year:

Kenneth R. Hayes	- Chairman
Imogene Pennington	- Secretary

Thereupon, the Chairman presented proposed Amended Rules of Procedure for consideration and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Amended Rules of Procedure be adopted and be in full force and effect on and from the date hereof.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC WATERWORKS SYSTEM OF NEW HAVEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,241,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), AND NOT MORE THAN $10,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

Chairman

CERTIFICATION

I further hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 2nd day of March, 2000.

Imogene Pennington
Secretary

02/29/00
658590/99001

CH367201.1

NEW HAVEN PUBLIC SERVICE SEWER DISTRICT

Water Revenue Bonds,
Series 2000 C (West Virginia Water Development Authority) and
Series 2000 D (West Virginia DWTRF Program)

MINUTES ON ADOPTION OF BOND
RESOLUTION AND SUPPLEMENTAL RESOLUTION

The undersigned SECRETARY of the Public Service Board of New Haven Public Service Sewer District hereby certify that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

*** *** ***

The Public Service Board of New Haven Public Service District met in regular session, pursuant to notice duly posted, on the 18th day of September, 2000, in Fayetteville, West Virginia, at the hour of 11:00 a.m.

PRESENT:	Kenneth R. Hayes	Chairman and Member
	Imogene Pennington	Secretary/Treasurer and Member
	Ann Berry	Member
ABSENT:	None.	

Kenneth R. Hayes, Chairman, presided, and Imogene Pennington acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF NEW HAVEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE

DISTRICT OF NOT MORE THAN $1,605,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), AND NOT MORE THAN $767,354 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 D (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.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2000 C (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) AND WATER REVENUE BONDS, SERIES 2000 D (WEST VIRGINIA DWTRF PROGRAM), OF NEW HAVEN PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING LETTERS OF CREDIT TO FUND THE RESERVE ACCOUNTS; APPROVING THE RESTATED FIRST AMENDMENT TO AGREEMENT; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made and seconded, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

Chairman

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of New Haven Public Service Sewer 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 21st day of September, 2000.

Monique Pennington
Secretary

09/15/00
658590/00001

CH635575.2

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: September 21, 2000

ISSUE: New Haven Public Service District Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority)

ADDRESS: Fayette County Courthouse, Fayetteville, WV 25840 COUNTY: Fayette

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: September 21, 2000

CLOSING DATE: September 21, 2000

ISSUE AMOUNT: $1,605,000

RATE: 0%; 1.75% Administrative Fee

1ST DEBT SERVICE DUE: December 1, 2000

1ST PRINCIPAL DUE: June 1, 2002

1ST DEBT SERVICE AMOUNT: $25,053.61

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS COUNSEL: Jackson & Kelly
Contact Person: Samme Gee, Esquire
Phone: (304) 340-1310

CLOSING BANK: Fayette County National Bank
Contact Person: Linda Ramsey, AVP & Cashier
Phone: (304) 574-1212

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: David Pollard
Position: Resource Coordinator, Fayette County Commission
Phone: (304) 574-1200 ext. (258)

OTHER: Water Development Authority
Contact Person: Daniel B. Yonkosky
Function: Executive Director
Phone: (304) 558-3612

DEPOSITS TO MBC AT CLOSE:

By: ____ Wire
____ Check

____ Accrued Interest: $____
X Capitalized Interest: $101,299
X Reserve Account: $ See below
____ Other: ____ $____

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: ____ Wire
____ Check
____ IGT

____ To Escrow Trustee: $____
____ To Issuer $____
____ To Cons. Invest. Fund $____
____ To Other: ____ $____

NOTES: Series 2000 C Bonds Reserve Account to be funded with a letter of credit from One Valley Bank at closing in the amount of $104,815

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: ____
TRANSFERS REQUIRED: ____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: September 21, 2000

ISSUE: New Haven Public Service District Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program)

ADDRESS: Fayette County Courthouse, Fayetteville, WV 25840 COUNTY: Fayette

PURPOSE OF ISSUE: New Money: X
Refunding: ____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: September 21, 2000 CLOSING DATE: September 21, 2000

ISSUE AMOUNT: $767,354 RATE: 0%; 1% Administrative Fee

1ST DEBT SERVICE DUE: September 1, 2001 1ST PRINCIPAL DUE: September 1, 2001

1ST DEBT SERVICE AMOUNT: $6,395.00 PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS COUNSEL: Jackson & Kelly
Contact Person: Samme Gee, Esquire
Phone: (304) 340-1310

CLOSING BANK: Fayette County National Bank
Contact Person: Linda Ramsey, AVP & Cashier
Phone: (304) 574-1212

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: David Pollard
Position: Resource Coordinator, Fayette County Commission
Phone: (304) 574-1200 ext. (258)

OTHER: WV Bureau for Public Health
Contact Person: Walt Ivey, P.E.
Function: Staff Engineer
Phone: (304) 558-2981

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire ____ Check

____ Accrued Interest: $____
____ Capitalized Interest: $____
X Reserve Account: $ See below
____ Other: ____ $____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire ____ Check ____ IGT

____ To Escrow Trustee: $____
____ To Issuer $____
____ To Cons. Invest. Fund $____
____ To Other: ____ $____

NOTES: Series 2000 D Bonds Reserve Account to be funded with a letter of credit from One Valley Bank at closing in the amount of $51,160.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: ____
TRANSFERS REQUIRED: ____

CH405268.1

31B

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 C (West Virginia Water Development Authority) and
Series 2000 D (West Virginia DWTRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

The Fayette County National Bank, Fayetteville, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of New Haven Public Service District (the "Issuer") adopted by the Issuer on September 18, 2000, and a Supplemental Resolution adopted by the Issuer on September 18, 2000 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority) and Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program), both dated September 21, 2000, issued in the respective original aggregate principal amounts of $1,605,000 and $767,354 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 21st day of September, 2000.

FAYETTE COUNTY NATIONAL BANK

Linda L. Ramsey
[redacted] Vice President and Cashier
Senior

09/15/00
658590/00001

CH634346.2

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 C (West Virginia Water Development Authority) and
Series 2000 D (West Virginia DWTRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the New Haven Public Service District Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority) and Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program), both dated September 21, 2000, issued in the respective original aggregate principal amounts of $1,605,000 and $767,354 (collectively, the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 21st day of September, 2000.

ONE VALLEY BANK, NATIONAL
ASSOCIATION

Charlotte A. Morgan

Assistant Vice President

09/14/00
658590/00001

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 C (West Virginia Water Development Authority) and
Series 2000 D (West Virginia DWTRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of New Haven Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Water Revenue Bond, Series 2000 C (West Virginia Water Development Authority), of the Issuer, dated September 21, 2000, in the principal amount of $1,605,000, numbered CR-1, was registered as to principal and interest, and the single, fully registered Water Revenue Bond, Series 2000 D (West Virginia DWTRF Program), of the Issuer, dated September 21, 2000, in the principal amount of $767,354, numbered DR-1, were registered as to principal only, in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 21st day of September, 2000.

ONE VALLEY BANK, NATIONAL
ASSOCIATION

Charlotte L Morgan

Assistant Vice President

09/15/00
658590/00001

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2000 C (West Virginia Water Development Authority) and
Series 2000 D (West Virginia DWTRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 21st day of September, 2000, by and between NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,605,000 Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority) and $767,354 Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program) in fully registered form (collectively, the "Bonds"), pursuant to a Bond Resolution of the Issuer duly adopted September 18, 2000, and a Supplemental Resolution of the Issuer duly adopted September 18, 2000 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: New Haven Public Service District
Post Office Box 99
Lansing, West Virginia 25862
Attention: Chairman

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

NEW HAVEN PUBLIC SERVICE DISTRICT

Chairman

ONE VALLEY BANK, NATIONAL ASSOCIATION

Assistant Vice President

09/14/00
658590/00001

CH634396.2

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(See Attached)

Invoice

ONE VALLEY BANK

NEW HAVEN PUBLIC SERVICE DISTRICT
ATTN: CHAIRMAN
POST OFFICE BOX 99
LANSING WV 25862

DATE SEPTEMBER 21, 2000

UNITS	ITEM DESCRIPTION	TOTAL
	NEW HAVEN PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2000 C (WDA) AND SERIES D (WV DWTRF)	
	ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENTICATING AGENT.....	$250.00

869

SEND REMITTANCE TO:
TRUST DEPARTMENT
ATTN: CHARLOTTE MORGAN

One Valley Bank
~~One Financial Place~~ - 6th Floor
One Valley Square
P.O. Box 1793
Charleston, WV 25326

State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1571
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

NEW HAVEN PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2000 C
(West Virginia Water Development Authority)

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto The Bank of New York, New York, New York, the Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), of New Haven Public Service District in the principal amount of $1,605,000, numbered CR-1, dated September 21, 2000, standing in the name of the West Virginia Water Development Authority on the books of said Issuer.

WITNESS my signature on this 21st day of September, 2000.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Daniel B. Yankoskey
Authorized Representative

This RESTATED FIRST AMENDMENT TO AGREEMENT made as of September 21, 2000 ("Restated First Amendment"), by and between WEST VIRGINIA-AMERICAN WATER COMPANY, a West Virginia corporation ("Company"), and NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision established under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended ("NHPSD").

WITNESSETH:

WHEREAS, Company and NHPSD entered into an agreement dated as of November 27, 1996 (the "Agreement"), pursuant to which the Company undertake the operation and maintenance of certain water transmission and distribution facilities in connection with the Fayette Plateau Regional Water Project (the "Project");

WHEREAS, under Article III of the Agreement, the term thereof was for a period of 40 years from the date thereof;

WHEREAS, under Article VI of the Agreement, the Company agreed to pay a "Use Fee" for the use of the NHPSD Facilities;

WHEREAS, the parties wish (i) to amend Article III of the Agreement to extend the term of the Agreement so that the parties' obligations will extend for at least as long as NHPSD's debt service obligations on any revenue bonds or notes of NHPSD currently outstanding or hereafter issued to finance all or a portion of NHPSD's acquisition or construction of water facilities that are part of the Project (collectively, the "Loans") and (ii) to amend Article VI of the Agreement to make the Company's Use Fee obligation in an amount equal to NHPSD's outstanding debt service obligations on the Loans.

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of this Restated First Amendment and which are not to be construed as mere recitals, the covenants and agreements contained herein and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged, the parties agree as follows:

1. Article III of the Agreement is hereby amended to read in its entirety as follows:

"The term of the Agreement shall extend for forty years from the date of this First Amendment and thereafter may continue in effect from year to year after the expiration of the forty-year term by mutual consent of the parties; provided, that the Company and NHPSD may mutually agree in writing to terminate the Agreement at any time after the payment in full or defeasance of the principal of and interest, administrative fee, and redemption premium, if any, on any revenue bonds or notes of NHPSD currently outstanding or hereafter issued to finance all or a portion of NHPSD's acquisition or construction of any water facilities that are part of the Project."

2. Article VI of the Agreement is hereby amended to read in its entirety as follows:

"In exchange for the benefits of having the Company's Fayette Plateau Treatment Plant connected to the Company's Oak Hill distribution system and to the NHPSD customers through the NHPSD Facilities, Company will pay a Use Fee in monthly payments directly to the account of NHPSD (or, at NHPSD's election, to the West Virginia Municipal Bond Commission on behalf of NHPSD) in an aggregate amount that is sufficient to permit NHPSD to meet its debt service obligations related to loans previously made or to

be made to NHPSD in connection with the Project from the following sources (collectively, the "Loans"), whether or not the approximate principal amounts or expected issuance dates specified below for Loans to be made to NHPSD are correct:

a. The West Virginia Water Development Authority ("WDA"), from proceeds of a WDA public bond issue under WDA's Loan Program III, including but not limited to a loan in the approximate aggregate principal amount of $1,605,000 expected to be made on September 21, 2000;

b. The WDA, on behalf of the West Virginia Infrastructure and Jobs Development Council, including but not limited to a loan in the aggregate principal amount of $9,004,675 made on March 2, 2000; and

c. The WDA, on behalf of the West Virginia Bureau for Public Health, including but not limited to a loan in the aggregate principal amount of $1,241,000 made on March 2, 2000, and a loan in the approximate aggregate principal amount of $767,354 expected to be made on September 21, 2000.

Notwithstanding the foregoing, Company's obligation to make the aggregate monthly debt service payments shall continue only for so long as NHPSD's repayment obligations on the Loans exist. The Parties further agree that if it is required to do so, the Company will make arrangements with the lending agencies to establish and maintain a credit facility in lieu of the normal reserve account requirements applicable to the Loans."

3. Except as amended and modified herein, the Agreement shall remain in full force and effect.

4. This Restated First Amendment is a restatement of a First Amendment to the Agreement dated March 2, 2000 (the "First Amendment"), and is intended to replace and supersede the First Amendment in its entirety.

IN WITNESS WHEREOF, West Virginia-American Water Company and New Haven Public Service District have caused this Restated First Amendment to Agreement to be signed, by their duly authorized officers, all as of the day and year first above written.

WEST VIRGINIA-AMERICAN WATER COMPANY

By: Michael A. Miller
Michael A. Miller
Its Vice President

NEW HAVEN PUBLIC SERVICE DISTRICT

By: _____
Its Chairman

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 20th day of September, 2000, by Michael A. Miller, Vice President of West Virginia-American Water Company, a West Virginia corporation, on behalf of said corporation.

My commission expires January 17, 2004

Barbara B Meadows
Notary Public

[SEAL]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BARBARA B. MEADOWS
WV WATER DEVELOPMENT AUTHORITY
180 ASSOCIATION DRIVE
CHARLESTON, WV 25311
My Commission Expires Jan. 17, 2004

STATE OF WEST VIRGINIA,

COUNTY OF ~~KANAWHA~~ Fayette, to-wit:

The foregoing instrument was acknowledged before me this 18 day of September, 2000, by Kenneth R. Hayes, Chairman of New Haven Public Service District, a public corporation, on behalf of said corporation.

My commission expires February 6, 2001.

Linda K Johnson
Notary Public

[SEAL]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LINDA K. JOHNSON
P.O. BOX 887
FAYETTEVILLE, WV 25840
My Commission Expires Feb. 6, 2001

One Valley Bank
One Valley Square, P.O. Box 1793
Charleston, WV 25326
(304) 348-7000

ONE VALLEY BANK

Our Letter of Credit No. 00-048

Issuance Date: September 21, 2000

Amount: Up to $51,160.00
(Fifty One thousand
one hundred sixty and no/100)

Expiration Date: September 21, 2003

Name & Address of Beneficiary:
The West Virginia Municipal Bond
Commission on behalf of the Registered
Owners of New Haven Public Service District
Water Revenue Bonds, Series 2000D
(West Virginia DWTRF Program)
Suite 500
8 Capitol
Charleston, WV 25301

Name & Address of Account Party:
New Haven Public Service District
C/O David Pollard
Community Resource Coordinator
Fayette County Commission
Fayette County Courthouse
Fayetteville, WV 25840

Name & Address of Applicant:
West Virginia-American Water Company
P.O. Box 1906
Charleston, WV 25327

Dear Beneficiary:

We hereby establish our irrevocable Letter of Credit (the **"Credit"**) in your favor for the account of the Account Party named above, at the request of the Applicant, for not to exceed the amount stated above (the **"Credit Amount"**), subject to the following terms and conditions:

1. The Credit Amount is available only upon our receipt of:

   (a) Your draft or drafts drawn at sight on One Valley Bank, National Association, bearing on its or their face the above number of the Credit, together with the original of the Credit and all amendments thereto.

   (b) Your signed statement reading: "New Haven Public Service District is in monetary default of those certain New Haven Public Service District

Water Revenue Bonds, Series 2000D (West Virginia DWTRF Program), dated September 21, 2000, in the original principal amount of $767,354 (the "Bonds"), due to its failure to pay principal of and interest, if any, on the Bonds as and when due, and payment has not been received from any other source. The amount of this draw on your Letter of Credit #00-048 does not exceed the amount of such monetary default."

(c) In the event of a draw on the Credit under the provisions of paragraph 4 hereinbelow, and only in that event, Beneficiary's written statement as set forth in paragraph 1. (b) above shall not be required.

2. This Credit may not be transferred or assigned.

3. Multiple draws are permitted. If multiple draws occur, the unused balance of the Credit Amount will be available until the above-stated Expiration Date.

4. The Expiration Date is subject to extension as follows: The Credit shall be automatically extended for periods of one year from the stated Expiration Date or each subsequent Expiration Date, unless we give Beneficiary not less than 60 days prior written notification of our intention not to so extend the Credit, in which case Beneficiary shall have the right to draw on the Credit. Notwithstanding any provision hereof to the contrary, in no event shall this Credit be extended beyond September 21, 2010, and Beneficiary shall not have the right to draw on the Credit as a result of the Credit not having been extended beyond September 21, 2010.

This Credit is issued in Charleston, West Virginia, and all references herein to time limits, including the Expiration Date, are to local Charleston time. We hereby agree with you that each draft drawn under and in accordance with the terms of this Credit will be duly honored upon presentation for negotiation and delivery of documents as specified herein at our counters at One Valley Square (Summers & Lee Sts.) in Charleston, West Virginia, on or before the close of our business on the Expiration Date. All correspondence related to this Credit must be sent to the attention of Mark Bias, Commercial Banking Division, One Valley Bank, National Association, Summers & Lee Sts., P.O. Box 1793, Charleston, WV 25326 and must refer to the number of the Credit.

This Credit is subject to the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce, Paris, France, as in effect on the date of this Credit, and, to the extent not governed thereby, to the laws of the State of West Virginia.

Very truly yours,

J. Mark Bias

J. Mark Bias
Senior Vice President

One Valley Bank
One Valley Square, P.O. Box 1793
Charleston, WV 25326
(304) 348-7000

ONE VALLEY BANK

Our Letter of Credit No. 00-051

Issuance Date: September 21, 2000

Amount: Up to $104,815.00
(One hundred four thousand eight hundred fifteen and no/100)

Expiration Date: September 21, 2003

Name & Address of Beneficiary:
The West Virginia Municipal Bond Commission on behalf of the Registered Owners of New Haven Public Service District Water Revenue Bonds, Series 2000C
(West Virginia Water Development Authority)
Suite 500
8 Capitol
Charleston, WV 25301

Name & Address of Account Party:
New Haven Public Service District
C/O David Pollard
Community Resource Coordinator
Fayette County Commission
Fayette County Courthouse
Fayetteville, WV 25840

Name & Address of Applicant:
West Virginia-American Water Company
P.O. Box 1906
Charleston, WV 25327

Dear Beneficiary:

We hereby establish our irrevocable Letter of Credit (the "**Credit**") in your favor for the account of the Account Party named above, at the request of the Applicant, for not to exceed the amount stated above (the "**Credit Amount**"), subject to the following terms and conditions:

1. The Credit Amount is available only upon our receipt of:

   (a) Your draft or drafts drawn at sight on One Valley Bank, National Association, bearing on its or their face the above number of the Credit, together with the original of the Credit and all amendments thereto.

   (b) Your signed statement reading: "New Haven Public Service District is in monetary default of those certain New Haven Public Service District

JMB

Water Revenue Bonds, Series 2000C (West Virginia Water Development Authority ~~Program~~), dated September 21, 2000, in the original principal amount of $1,605,000 (the "Bonds"), due to its failure to pay principal of and interest, if any, on the Bonds as and when due, and payment has not been received from any other source. The amount of this draw on your Letter of Credit #00-051 does not exceed the amount of such monetary default."

(c) In the event of a draw on the Credit under the provisions of paragraph 4 hereinbelow, and only in that event, Beneficiary's written statement as set forth in paragraph 1. (b) above shall not be required.

2. This Credit may not be transferred or assigned.

3. Multiple draws are permitted. If multiple draws occur, the unused balance of the Credit Amount will be available until the above-stated Expiration Date.

4. The Expiration Date is subject to extension as follows: The Credit shall be automatically extended for periods of one year from the stated Expiration Date or each subsequent Expiration Date, unless we give Beneficiary not less than 60 days prior written notification of our intention not to so extend the Credit, in which case Beneficiary shall have the right to draw on the Credit. Notwithstanding any provision hereof to the contrary, in no event shall this Credit be extended beyond September 21, 2010, and Beneficiary shall not have the right to draw on the Credit as a result of the Credit not having been extended beyond September 21, 2010.

This Credit is issued in Charleston, West Virginia, and all references herein to time limits, including the Expiration Date, are to local Charleston time. We hereby agree with you that each draft drawn under and in accordance with the terms of this Credit will be duly honored upon presentation for negotiation and delivery of documents as specified herein at our counters at One Valley Square (Summers & Lee Sts.) in Charleston, West Virginia, on or before the close of our business on the Expiration Date. All correspondence related to this Credit must be sent to the attention of Mark Bias, Commercial Banking Division, One Valley Bank, National Association, Summers & Lee Sts., P.O. Box 1793, Charleston, WV 25326 and must refer to the number of the Credit.

This Credit is subject to the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce, Paris, France, as in effect on the date of this Credit, and, to the extent not governed thereby, to the laws of the State of West Virginia.

Very truly yours,

J. Mark Bias

J. Mark Bias
Senior Vice President

PROJECT COOPERATION AGREEMENT
BETWEEN
THE DEPARTMENT OF THE ARMY
AND
NEW HAVEN PUBLIC SERVICE DISTRICT
FOR CONSTRUCTION OF THE
FAYETTE PLATEAU REGIONAL WATER SYSTEM (PHASE VIII) PROJECT
FAYETTE COUNTY, WEST VIRGINIA

THIS AGREEMENT is entered into this 20th day of September, 1999, by and between the DEPARTMENT OF THE ARMY (hereinafter the "Government"), represented by the Assistant Secretary of the Army (Civil Works), and NEW HAVEN 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 for water-related environmental infrastructure and resource protection and development projects (hereinafter the "Section 340 Program") pursuant to Section 340 of the Water Resources Development Act of 1992 (Public Law 102-580), as amended by Section 359 of the Water Resources Development Act of 1996 (Public Law 104-303);

WHEREAS, the Fayette Plateau Regional Water System (Phase VIII) Project at Fayette County, West Virginia (hereinafter the "Project", as defined in Article I.A. of this Agreement) has been identified as a project of the type authorized by Section 340 of the Water Resources Development Act of 1992 (Public Law 102-580), as amended by Section 359 of the Water Resources Development Act of 1996 (Public Law 104-303);

WHEREAS, the Government and the Non-Federal Sponsor desire to enter into a Project Cooperation Agreement (hereinafter the "Agreement")for the construction of the Project;

WHEREAS, Section 340 of the Water Resources Development Act of 1992 (Public Law 102-580), as amended by Section 359 of the Water Resources Development Act of 1996 (Public Law 104-303), specifies the cost-sharing requirements applicable to the Project;

WHEREAS, Section 340 of the Water Resources Development Act of 1992 (Public Law 102-580), as amended by Section 359 of the Water Resources Development Act of 1996 (Public Law 104-303), provides that the Secretary of the Army shall not provide assistance for any water-related environmental infrastructure and resource protection and development projects, or separable element thereof, until each non-Federal sponsor has entered into a written agreement to furnish its required cooperation for the project or separable element;

WHEREAS, pursuant to Section 340 of the Water Resources Development Act of 1992 (Public Law 102-580), as amended by Section 359 of the Water Resources Development Act of 1996 (Public Law 104-303), the Secretary of the Army is authorized to provide the Federal share in the form of grants or reimbursements to the Non-Federal Sponsor and to afford credit not to exceed 6 percent of the total construction costs of the project for the reasonable costs of design work completed by the non-Federal interest before entering into a written agreement with the Secretary; 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 construction of the Project in accordance with the terms of this Agreement.

NOW, THEREFORE, the Government and the Non-Federal Sponsor agree as follows:

ARTICLE I - DEFINITIONS AND GENERAL PROVISIONS

For purposes of this Agreement:

A. The term "Project" shall mean the construction of the Fayette Plateau Regional Water System (Phase VIII) Project at Fayette County, West Virginia, including construction of ten-inch, eight-inch, six-inch and two-inch waterlines; valves; hydrants; air release valves; blow-offs; service lines; meter setters; and all other necessary appurtenances for the operating system as generally described in the Plans, Specifications and Contract Documents for Water System Improvement for New Haven Public Service District, Fayette County, West Virginia, dated February 1999. The project will generally serve customers along Opossum Creek Road, which includes the communities of Grayden and Ames Heights. The project will also include the community of Lansing and customers along Lansing/Edmond Road.

B. The term "total project costs" shall mean all costs incurred by or on behalf of the Non-Federal Sponsor and by the Government in accordance with the terms of this Agreement that the U. S. Army Engineer, Huntington District (hereinafter the "District Engineer") determines are directly related to project construction. Subject to the provisions of this Agreement, the term shall include, but is not necessarily limited to: the costs of project design and construction work; the value of lands, easements, rights-of-way, relocations, and suitable borrow and dredged or excavated material disposal areas, for which the Government affords credit toward total project costs in accordance with Article IV of this Agreement; the costs of participation in the Project Coordination Team in accordance with Article V of this Agreement; applicable costs of audit in accordance with Article XI of this Agreement; and other costs incurred by the Government pursuant to this Agreement. The term does not include any costs for operation, maintenance, repair, rehabilitation, or replacement; any costs due to betterments; any costs incurred in advertising and awarding any construction contracts

prior to the effective date of this Agreement; any actual construction costs incurred prior to the effective date of this Agreement; or any costs of dispute resolution under Article VIII of this Agreement.

C. The term "project design work" shall mean all work performed by the Non-Federal Sponsor for design directly related to the Project, including but not necessarily limited to, the reasonable costs of design work completed prior to the effective date of this Agreement and not to exceed 6 percent of the total construction costs of the Project. The term includes, but is not necessarily limited to, concept design; report writing; detailed design; preparation of plans and specifications; design analysis; quantity/cost estimates; obtaining required local, state and Federal permits; performance and documentation of environmental, hazardous substances, and historical investigations; engineering and design during construction; and other design services and in-kind design work.

D. The term "project design and construction work" shall mean all work performed by the Non-Federal Sponsor for design and construction directly related to the Project subsequent to the effective date of this Agreement. The term includes, but is not necessarily limited to, project design work as defined in paragraph C. of this Article; actual construction, including settlement of or paying awards for contract disputes; supervision and administration; and other construction services and in-kind construction work.

E. The term "highway" shall mean any public highway, roadway, street, or way, including any bridge thereof.

F. The term "relocation" shall mean providing a functionally equivalent facility to the owner of an existing utility, cemetery, highway or other public facility, or railroad (including any bridge thereof) when such action is authorized in accordance with applicable legal principles of just compensation or as otherwise provided in the authorizing legislation for the Project or any report referenced therein. Providing a functionally equivalent facility may take the form of alteration, lowering, raising, or replacement and attendant removal of the affected facility or part thereof.

G. The term "period of construction" shall mean the time period from execution of this Agreement until completion of Project construction, as verified by Government inspection in accordance with Article II.B.1. of this Agreement.

H. The term "fiscal year" shall mean one fiscal year of the Government. The Government fiscal year begins on October 1 and ends on September 30.

I. The term "functional portion of the Project" shall mean a portion of the Project that the Project Coordination Team determines is suitable for the Non-Federal Sponsor to operate and maintain in advance of completion of the entire Project. For a portion of the project to be suitable, the Project Coordination Team must determine that the portion of

the Project is complete and can function independently and for a useful purpose, although the balance of the Project is not complete.

J. The term "betterment" shall mean a change in the design and construction of an element of the Project resulting from the application of standards that the Government determines exceed those that the Government would otherwise apply for accomplishing the design and construction of that element.

K. The term "proper invoice" shall mean a request for reimbursement by the Non-Federal Sponsor in which the Non-Federal Sponsor certifies that it has made payments in the amount requested to, or been billed in the amount requested by, its contractors, suppliers or employees for performance of work in accordance with this Agreement and provides evidence of payment made or obligation incurred by the Non-Federal Sponsor as may be required by the Government.

ARTICLE II - OBLIGATIONS OF THE PARTIES

A. Obligations of the Non-Federal Sponsor.

1. Using its funds and the funds to be reimbursed by the Government, the Non-Federal Sponsor shall expeditiously construct the Project. The Non-Federal Sponsor assumes full and exclusive responsibility for construction of the Project.

a. The Government shall be afforded the opportunity to review and comment on the solicitations for all contracts, including relevant plans and specifications, prior to the Non-Federal Sponsor's issuance of such solicitations. In the event that the Non-Federal Sponsor proposes to do work with its own forces, the Government shall be afforded the opportunity to review and approve the plan of work and materials to be incorporated into the work. In addition, to the maximum extent practicable, the Government shall be afforded the opportunity to review and comment on all contract modifications, including change orders, prior to the issuance to the contractor of a Notice to Proceed. In any instance where providing the Government with notification of a contract modification or change order is not possible prior to issuance of the Notice to Proceed, 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 made as a result of its non-technical review, but the contents of solicitations, award of contracts, execution of contract modifications, issuance of change orders, resolution of contract claims, and performance of all work on the Project (whether the work is performed under contract or by Non-Federal Sponsor personnel), shall be exclusively within the control of the Non-Federal Sponsor.

b. The Non-Federal Sponsor shall obtain all necessary permits and licenses and comply with all applicable laws, regulations, ordinances and other rules of

the United States of America, of the state or political subdivisions thereof wherein the work is done, or of any other duly constituted public authority, including the laws and regulations specified in Article XII of this Agreement and where applicable shall include appropriate provisions in its contracts for construction of the Project.

2. In the event that the Non-Federal Sponsor elects to construct betterments during the period of construction, the Non-Federal Sponsor shall notify the Government in writing and describe the betterments it intends to 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.

3. As further specified in Article III of this Agreement, the Non-Federal Sponsor shall acquire all lands, easements, rights-of-way, and suitable borrow and dredged or excavated material disposal areas required for the construction, operation, maintenance, repair, rehabilitation, and replacement of the Project, and shall perform or ensure performance of all relocations that the Non-Federal Sponsor and the Government determine are necessary for the construction, operation, maintenance, repair, rehabilitation, and replacement of the Project.

4. The Non-Federal Sponsor may request the Government to acquire lands, easements, rights-of-way, and suitable borrow and dredged or excavated material disposal areas or perform relocations on behalf of the Non-Federal Sponsor during the period of construction. Such requests shall be in writing and shall describe the services requested to be performed. If in its sole discretion the Government elects to perform 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 requested services and shall pay all such costs in accordance with Article VI.C. of this Agreement. Notwithstanding the acquisition of lands, easements, rights-of-way, and suitable borrow and dredged or excavated material disposal areas or performance of relocations by the Government, the Non-Federal Sponsor shall be responsible, as between the Government and the Non-Federal Sponsor, for the costs of cleanup and response of hazardous substances in accordance with Article XVI of this Agreement.

5. During the period of construction, the Non-Federal Sponsor shall prepare and furnish to the Government for review a proposed Operation, Maintenance, Repair, Rehabilitation and Replacement Manual. The Non-Federal Sponsor shall operate, maintain, repair, rehabilitate, and replace any functional portion of the Project and, upon completion of construction and final inspection by the Government as provided for by Article II.B.1. of this Agreement, the entire completed Project, at no cost to the Government, in a manner compatible with the Project's design and its Operation, Maintenance, Repair, Rehabilitation and Replacement Manual, and in accordance with applicable Federal and State laws as provided in Article XII of this Agreement. The

failure of the Non-Federal Sponsor to prepare an Operation, Maintenance, Repair, Rehabilitation and Replacement Manual acceptable to the Government shall not relieve the Non-Federal Sponsor of its responsibilities for operation, maintenance, repair, rehabilitation, and replacement of the completed project, or any functional portion thereof, in accordance with this paragraph.

B. Obligations of the Government.

1. The Government may perform periodic inspections to verify the progress of construction, shall perform a final inspection to verify the completion of construction, and may provide technical assistance to the Non-Federal Sponsor on an as-needed basis until the end of the period of construction. Any costs incurred by the Government in furtherance of this paragraph shall be included in total project costs.

2. Subject to paragraph B.4. of this Article and Article VII.E. of this Agreement, the Government in accordance with Article VI.B. of this Agreement, shall contribute 75 percent of total project costs on a cumulative basis by reimbursing the Non-Federal Sponsor for total project costs that are incurred by or on behalf of the Non-Federal Sponsor, including total project costs incurred by the Non-Federal Sponsor using grants from State or local agencies.

3. Upon completion of the period of construction or termination of this Agreement, the Government shall perform a final accounting in accordance with Article VI.D. of this Agreement to determine the contributions provided by the Government toward total project costs and to determine whether the Government has met its obligations under paragraph B.2. of this Article.

4. Except as provided in Article VII.A. of this Agreement, the Government shall not reimburse the Non-Federal Sponsor for total project costs that are incurred by the Non-Federal Sponsor using Federal funds.

ARTICLE III - LANDS, RELOCATIONS, AND PUBLIC LAW 91-646 COMPLIANCE

A. The Non-Federal Sponsor and the Government shall determine the lands, easements, and rights-of-way required for construction, operation, maintenance, repair, rehabilitation and replacement of the Project, including those required for relocations, borrow materials, and dredged or excavated material disposal. Prior to issuance of solicitation for each construction contract, the Non-Federal Sponsor shall acquire all such lands, easements, and rights-of-way necessary for that contract and certify in writing to the Government that said interests have been acquired. Furthermore, for purposes of inspection, the Non-Federal Sponsor shall provide the Government with authorization for entry to all lands, easements, and rights-of-way the Non-Federal Sponsor has provided.

B. The Non-Federal Sponsor and the Government shall determine the improvements required on lands, easements, and rights-of-way to enable the disposal of

dredged or excavated material associated with the construction, operation, maintenance, repair, rehabilitation and replacement of the Project. Such improvements may include, but are not necessarily limited to, retaining dikes, wasteweirs, bulkheads, embankments, monitoring features, stilling basins, and de-watering pumps and pipes. Prior to the issuance of any solicitation for construction where the disposal of dredged or excavated material associated with the construction is anticipated, the Non-Federal Sponsor shall provide the Government with copies of all permits obtained for the disposal of dredged or excavated materials and with plans and specifications of such improvements in detail sufficient for the Government to review and comment in accordance with Article II.A.1.a. of this Agreement.

C. The Non-Federal Sponsor and the Government shall determine the relocations necessary for the construction, operation, maintenance, repair, replacement and rehabilitation, of the Project, including those necessary to enable the removal of borrow materials and the disposal of dredged or excavated material. Prior to issuance of solicitation for each construction contract, the Non-Federal Sponsor shall perform or ensure the performance of all such relocations necessary for that contract. The Non-Federal Sponsor shall be responsible for preparing or ensuring the preparation of plans and specifications for all relocations determined necessary.

D. 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 during the period of construction pursuant to paragraphs A., B., or C. of this Article. Upon receipt of such documents the Government, in accordance with Article IV of this Agreement and in a timely manner, shall determine the value of such contribution and shall include such value in total project costs.

E. 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 by Title IV of the Surface Transportation and Uniform Relocation Assistance Act of 1987 (Public Law 100-17), and the Uniform Regulations contained in 49 C.F.R. Part 24, and shall inform all affected persons of applicable benefits, policies, and procedures in connection with said Act.

ARTICLE IV - VALUE OF LANDS AND RELOCATIONS, AND DISPOSAL AREAS

A. The Non-Federal Sponsor shall receive credit toward its share of total project costs for the value of the lands, easements, rights-of-way, and suitable borrow and dredged or excavated material disposal areas that the Government and the Non-Federal Sponsor jointly determine must be provided by the Non-Federal Sponsor pursuant to Article III of this Agreement and the value of the relocations that the Government and the Non-Federal Sponsor jointly determine must be performed by the Non-Federal Sponsor, or for which it must ensure performance, pursuant to Article III of this Agreement. The Non-Federal Sponsor also shall receive credit for all reasonable costs associated with obtaining permits necessary for the placement of the Project on publicly owned or

controlled lands. The credit to be afforded the Non-Federal Sponsor for such contributions shall not exceed 25 percent of total project costs. However, the Non-Federal Sponsor shall not receive credit for the value of any lands, easements, rights-of-way, relocations, or borrow or dredged or excavated material disposal areas that have been provided previously as an item of cooperation for another Federal project. The Non-Federal Sponsor also shall not receive credit for the value of lands, easements, rights-of-way, relocations, or borrow and dredged or excavated material disposal areas to the extent that such items are provided using Federal funds unless the Federal granting agency verifies in writing that such inclusion is expressly authorized by statute.

B. The value of lands, easements, and rights-of-way, including those necessary for relocations and borrow materials, and dredged or excavated material disposal, that are included in total project costs shall be the appraised 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 with its own labor, 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 B.3. of this Article, the fair market value of lands, easements, or rights-of-way shall be the appraised fair market value as determined in accordance with paragraph B.2.a. of this Article, unless thereafter a different amount is determined to represent fair market value in accordance with paragraph B.2.b. or paragraph B.5. of this Article.

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 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, or the Non-Federal Sponsor chooses not to obtain a second appraisal, 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 B.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 B.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 B.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 shall, prior to instituting such proceedings, 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 days after receipt of such a notice and appraisal within which to review the appraisal, if not already approved by the Government in writing.

a. If the Government already 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 B.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 Government determined such interests are required for the

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 XI of this Agreement to determine reasonableness, allowability, and allocability 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, and mapping costs, as well as the actual amounts expended for payment of any Public Law 91-646 relocation assistance benefits provided in accordance with Article III.E. of this Agreement.

5. Waiver of Appraisal. For lands, easements and rights-of-way acquired other than by eminent domain proceedings, an appraisal is not required if the Government determines that an appraisal is unnecessary because the valuation problem is uncomplicated and that the fair market value of the real property interests is estimated at $2,500.00 or less based upon a review of available data, and if the Government and the Non-Federal Sponsor stipulate the value of the real property interests.

C. 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, but 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 XI of this Agreement to determine reasonableness, allowability, and allocability of costs.

D. The value of improvements made to lands, easements, and, rights-of-way for the disposal of dredged or excavated material shall be the costs of the improvements, as determined by the Government, subject to an audit in accordance with Article XI of this Agreement to determine reasonableness, allowability, and allocability of costs. Such

costs shall include, but not necessarily be limited to, actual costs of providing the improvements; planning, engineering and design costs; supervision and administration costs; and documented incidental costs associated with providing the improvements, but shall not include any costs due to betterments, as determined by the Government.

ARTICLE V - PROJECT COORDINATION TEAM

A. To provide for consistent and effective communication, the Non-Federal Sponsor and the Government, not later than 30 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 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 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 construction, the Project Coordination Team shall generally oversee the Project including issues related to design; plans and specifications; scheduling; real property and relocation requirements; real property acquisition; contract awards and modifications; contract costs; the Government's cost projections; final inspection of the construction or functional portions of the Project; preparation of the proposed Operation, Maintenance, Repair, Replacement, and Rehabilitation Manual; anticipated requirements and needed capabilities for performance of operation, maintenance, repair, rehabilitation, and replacement of the Project; and other related matters.

D. The Project Coordination Team may make recommendations that it deems warranted to the Non-Federal Sponsor on matters 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 construction of the Project, has the discretion to accept, reject, or modify the Project Coordination Team's recommendations. Except as otherwise provided in this Agreement, the Non-Federal Sponsor may not reject or modify the Project Coordination Team's recommendations when the purpose of such recommendations is to ensure that the Project complies with Federal, State, or local laws or regulations.

E. The costs of participation in the Project Coordination Team shall be included in total project costs, subject to Article VII of this Agreement, and cost shared in accordance with the provisions of this Agreement.

ARTICLE VI - METHOD OF PAYMENT

A. Based on the data supplied by the Non-Federal Sponsor, the Government shall maintain current records of cumulative total project costs and current projections of total project costs. By July 1999 and at least quarterly thereafter, the Government shall provide the Non-Federal Sponsor with a report setting forth cumulative total project costs, cumulative total project costs incurred by or on behalf of each party, each party's share of cumulative total project costs, cumulative reimbursements made in accordance with paragraph B.2. of this Article, and current projections of total project costs, of total project costs incurred by or on behalf of each party, of each party's share of total project costs, of total reimbursements, and of reimbursements in the upcoming fiscal year. On the effective date of this Agreement, total project costs are projected to be $2,035,200, total project costs incurred by the Government are projected to be $53,150, total project costs incurred by the Non-Federal Sponsor are projected to be $1,982,050, the Government's share of total project costs is projected to be $1,526,400, the Non-Federal Sponsor's share of total project costs is projected to be $508,800, and total reimbursements in accordance with paragraph B.2. of this Article are projected to be $1,473,250. Such amounts are estimates subject to adjustment by the Government and are not to be construed as the total financial responsibilities of the Government and the Non-Federal Sponsor.

B. In accordance with the provisions of this paragraph, the Government shall contribute its share of total project costs required under Article II.B.2. of this Agreement as it incurs such costs or as such costs incurred by or on behalf of the Non-Federal Sponsor are determined.

1. Periodically, but not more frequently than once every thirty days, the Non-Federal Sponsor shall provide the Government with a proper invoice for costs, other than the values determined in accordance with Article IV of this Agreement, that it has incurred and that are not included in a previous proper invoice. Each proper invoice shall identify those costs that were incurred with Federal funds and those costs that were incurred without Federal funds and shall provide such evidence of payments or obligation to contractors and of costs incurred by the Non-Federal Sponsor's own forces as may be required by the Government.

2. Not later than 14 days after receipt of each proper invoice, the Government, in accordance with this paragraph, shall review the costs identified therein and, subject to Article VII of this Agreement, shall include such costs, in whole or in part, in total project costs. Thereupon, the Government shall estimate cumulative total project costs (including the value of lands, easements, rights-of-way, relocations, and suitable borrow and dredged or excavated material disposal areas for which the Government affords credit in accordance with Article IV of this Agreement), cumulative total project costs incurred by or on behalf of each party, each party's share of cumulative total project costs, and cumulative reimbursements previously made in accordance with this paragraph. To the extent that the Government estimates that cumulative total project

costs that it has incurred plus cumulative reimbursements it previously has made in accordance with this paragraph are less than its required share of cumulative total project costs, the Government, subject to Article VII.E. of this Agreement, shall partially reimburse those total project costs that were incurred by or on behalf of the Non-Federal Sponsor without using Federal funds (including total project costs incurred using grants from State or local agencies) and that were not previously reimbursed by the Government.

3. Upon determining under paragraph B.2. of this Article that reimbursement is due the Non-Federal Sponsor, the Government shall make such payment within 7 days subject to Article VII.E. of this Agreement. An interest penalty shall be credited to the Non-Federal Sponsor's account automatically by the designated payment office, without request from the Non-Federal Sponsor, if payment is not made by the due date. 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 day after the due date, except where the interest penalty is prescribed by other governmental authority. This rate is referred to as the "Renegotiation Board Interest Rate," and it is published in the Federal Register semiannually on or about January 1 and July 1. The interest penalty shall accrue daily on the proper invoice payment amount approved by the Government and shall be compounded in 30-day increments inclusive from the first day after the due date through the payment date. That is, interest accrued at the end of any 30-day period shall be added to the approved proper invoice payment amount and be subject to interest penalties if not paid in the succeeding 30-day period.

C. In advance of the Government incurring any financial obligation associated with additional work under Article II.A.4. of this Agreement, the Government shall notify the Non-Federal Sponsor in writing of amount of the additional funds required. Within 30 calendar days thereafter, the Non-Federal Sponsor shall provide the Government with the full amount of the funds required to pay for such additional work by delivering a check payable to "FAO, USAED, Huntington District" to the District Engineer or providing an Electronic Funds Transfer in accordance with procedures established by the Government. 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 such additional work as they are incurred. In the event the Government determines that the Non-Federal Sponsor must provide additional funds to meet its cash contribution, 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 thereafter, the Non-Federal Sponsor shall provide the Government with the full amount of the additional required funds through either of the payment mechanisms specified above.

D. Upon completion of the project or termination of this Agreement, and upon resolution of all relevant claims and appeals, the Government shall conduct a final accounting and furnish the Non-Federal Sponsor with the results of the final accounting. The final accounting shall determine total project costs, the Government's total

contribution provided thereto (including reimbursements), and the Government's required share thereof.

1. In the event the final accounting shows that the total contribution provided by the Government is less than its required share of total project costs, the Government shall, subject to Article VII.E. of this Agreement, no later than 90 calendar days after completion of final accounting, make a cash payment to the Non-Federal Sponsor of whatever sum is required to meet the Government's required share of total project costs.

2. In the event the final accounting shows that the total contribution provided by the Government exceeds its required share of total project costs, the Non-Federal Sponsor shall refund the excess to the Government no later than 90 calendar days after written notice by the Government that the final accounting is complete by delivering a check payable to FAO, USAED, Huntington District to the District Engineer or providing an Electronic Funds Transfer in accordance with procedures established by the Government. In the event existing funds are not available to refund the excess to the Government, the Non-Federal Sponsor shall seek such funds as are necessary to make the refund. In the event that such funds are not made available within a reasonable amount of time, the Government may apply any amounts owed toward the Federal share of costs under any subsequent agreement with the Non-Federal Sponsor for any other project or separable element under the Section 340 Program and may use any other procedures permitted by law. The Non-Federal Sponsor shall be liable for interest under Article XV.D. of this Agreement to the extent that such refund takes longer than ninety [90] calendar days after the final accounting is complete.

ARTICLE VII - LIMITATIONS ON PROJECT COSTS

A. Costs incurred by or on behalf of the Non-Federal Sponsor using Federal funds shall not be included in total project costs and not cost shared in accordance with the provisions of this Agreement unless the Federal granting agency verifies in writing that such inclusion is expressly authorized by statute.

B. The Non-Federal Sponsor may receive credit towards its share of the total project costs for the reasonable costs of project design work which was completed by the Non-Federal Sponsor prior to entering into a Project Cooperation Agreement with the Government. Such credit shall be limited to the reasonable, allowable, allocable actual cost or value of project design work as determined by the District Engineer not to exceed 6 percent of the total construction costs of the Project. Where the Non-Federal Sponsor's cost for completed project 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. On the effective date of this Agreement, the amount of credit for project design work completed prior to this Agreement to be afforded against the Non-Federal Sponsor's required contribution towards total project costs in accordance with Article VI.B. of this Agreement is projected to be $0. This

amount is an estimate subject to adjustment by the Government in its sole discretion and is not to be construed as the financial obligation of the Government or the Non-Federal Sponsor. 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 credit to be afforded for this project design work

C. All total project costs shall be subject to audit in accordance with Article XI of this Agreement to determine the reasonableness, allowability and allocability of such costs.

D. Except as provided in Article VI.B. of this Agreement, total project costs incurred by the Non-Federal Sponsor shall not be subject to interest charges and shall not be adjusted to reflect changes in price levels since the time that the costs were incurred.

E. As of the effective date of this Agreement, $8,273,000 of Federal funds have been appropriated for the Section 340 Program. The Government makes no commitment to seek additional Federal funds for the Section 340 Program. Notwithstanding any other provision of this Agreement, the Government's share of total project costs, when added to the costs incurred by the Government for other elements of the Section 340 Program, shall not exceed the total amount of Federal funds that have been appropriated and hereafter may be appropriated for the Section 340 Program.

ARTICLE VIII - 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. The parties shall each pay 50 percent 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 IX - OPERATION, MAINTENANCE, REPAIR, REHABILITATION AND REPLACEMENT (OMRR&R)

Upon completion of construction and final inspection by the Government as provided for by Article II.B.1. of this Agreement, the Non-Federal Sponsor shall operate, maintain, repair, rehabilitate, and replace the entire Project or the functional portion of the Project, at no cost to the Government, in a manner compatible with the Project's design and its Operation, Maintenance, Repair, Rehabilitation and Replacement Manual, and in accordance with applicable Federal and State laws as provided in Article XII of this Agreement. As between the Government and the Non-Federal Sponsor, the

Government shall have no responsibility to operate, maintain, repair, rehabilitate, or replace the Project or functional portion of the Project.

ARTICLE X - INDEMNIFICATION

The Non-Federal Sponsor shall hold and save the Government free from all damages arising from the design, construction, operation, maintenance, repair, rehabilitation and replacement of the Project, and any Project-related betterments, except for damages due to the fault or negligence of the Government or its contractors.

ARTICLE XI - 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, and 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, and other evidence pertaining to construction in accordance with these procedures and for a minimum of three years after the period of construction and resolution of all relevant claims arising therefrom. 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, documents, records, and other evidence.

B. Pursuant to 32 C.F.R. Section 33.26, the Non-Federal Sponsor is responsible for complying with the Single Audit Act of 1984, 31 U.S.C. Sections 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 the total project costs, subject to Article VII of this Agreement, and cost shared in accordance with the provisions of this Agreement.

C. In accordance with 31 U.S.C. Section 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. 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 the total projects costs and cost shared in accordance with the provisions of this Agreement.

ARTICLE XII - FEDERAL AND STATE LAWS

In the exercise of their respective rights and obligations under this Agreement, the Non-Federal Sponsor and the Government agree to 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, as well as Army Regulations 600-7, entitled "Nondiscrimination on the Basis of Handicap in Programs and Activities Assisted or Conducted by the Department of the Army".

ARTICLE XIII - 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 such other party may have to seek relief or redress against such contractor either pursuant to any cause of action that such other party may have or for violation of any law.

ARTICLE XIV - OFFICIALS NOT TO BENEFIT

No member of or delegate to the Congress, nor any resident commissioner, shall be admitted to any share or part of this Agreement, or to any benefit that may arise therefrom.

ARTICLE XV - TERMINATION OR SUSPENSION

A. If at any time the Non-Federal Sponsor fails to fulfill its obligations under Article II.A. of this Agreement, the Assistant Secretary of the Army (Civil Works) may terminate this Agreement or suspend future performance under this Agreement unless he determines that continuation of work on the Project is in the interest of the United States or is necessary in order to satisfy agreements with any other non-Federal interests in connection with the Project.

B. If the Government fails to receive annual appropriations in amounts sufficient to meet its share of scheduled expenditures for total project costs for the then-current or

upcoming fiscal year, the Government shall so notify the Non-Federal Sponsor in writing, and 60 calendar days thereafter the Non-Federal Sponsor may elect without penalty to terminate this Agreement or to suspend future performance under this Agreement. In the event that the Non-Federal Sponsor elects to suspend future performance under this Agreement in accordance with this paragraph, such suspension shall remain in effect until such time as the Government receives sufficient appropriations or until the Non-Federal Sponsor elects to terminate this Agreement, whichever occurs first.

C. In the event that either party elects to terminate this Agreement pursuant to this Article or Article XVI of this Agreement, both parties shall conclude their activities relating to the Project and proceed to a final accounting in accordance with Article VI.D. of this Agreement.

D. Any termination of this Agreement or suspension of future performance under this Agreement in accordance with this Article or Article XVI 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 XVI - HAZARDOUS SUBSTANCES

A. After execution of this Agreement and upon direction by the Government, the Non-Federal Sponsor shall perform, or cause to be performed, 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. Sections 9601-9675, that may exist in, on, or under lands, easements, and rights-of-way that the Non-Federal Sponsor and the Government determine, pursuant to Article III of this Agreement, to be required for the construction, operation, maintenance, repair, rehabilitation, and replacement of the Project. However, for lands that the Government determines to be subject to the navigation servitude, only the Government shall perform such investigations unless the Government 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. All actual costs incurred by the Non-Federal Sponsor for such investigations for hazardous substances shall be included in the total project costs, subject to Article VII of this Agreement, and cost shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article XI of this Agreement to determine reasonableness, allowability, and allocability of costs.

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 the Non-Federal Sponsor and the Government determine, pursuant to Article III of this Agreement, to be required for the construction, operation, and maintenance of the Project, the Non-Federal Sponsor and the Government 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 both 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 work on the Project, suspend future performance under this Agreement, or terminate this Agreement for the convenience of the Government, 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 the Non-Federal Sponsor and the Government determine, pursuant to Article III of this Agreement, to be required for the construction, operation, maintenance, repair, rehabilitation, and replacement of the Project. Should the Government and the Non-Federal Sponsor determine to initiate construction or continue with construction 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 clean-up and response, to include 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 the total project costs. In the event the Non-Federal Sponsor fails to provide any funds necessary to pay for clean up and response costs or to otherwise discharge the Non-Federal Sponsor's responsibilities under this paragraph upon direction by the Government, the Government may, in its sole discretion, either terminate this Agreement for the convenience of the Government, suspend future performance under this Agreement, or continue work on the Project.

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 clean up 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, replace, and rehabilitate the Project in a manner that will not cause liability to arise under CERCLA.

ARTICLE XVII - 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 either delivered personally or by telegram or mailed by first-class, registered, or certified mail, as follows:

If to the Non-Federal Sponsor:

New Haven Public Service District
Post Office Box 100
Lansing, West Virginia 25854

If to the Government:

District Engineer
Huntington District
U.S. Army 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 XVIII - 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 XIX - HISTORIC PRESERVATION

A. The Government shall be responsible for compliance with Section 106 of the National Historic Preservation Act (16 U.S.C. 470 et seq.) for all lands required for, or affected by, the Undertaking, as defined by Section 301 of the Act. Prior to initiation of construction, the Non-Federal Sponsor shall perform all necessary cultural resource studies, and the Government shall make all determinations and consultation in a manner consistent with 36 Code of Federal Regulations (CFR) Part 800, "Protection of Historic Properties," the Secretary of the Interior's Standards and Guidelines for Identification (48 Federal Register 44720-23), the National Park Service's publications, The Archaeological Survey: Methods and Uses (1978) and Identification of Historic Properties (1988), and the applicable guidelines of the State Historic Preservation Officer (hereinafter the "SHPO"). The Government shall ensure that the Non-Federal Sponsor's studies are conducted by qualified archaeologists, historians, architectural historians and/or historic architects, as appropriate, who meet, at minimum, the Secretary of the Interior's Professional Qualifications Standards (48 Federal Register 44738-39). 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. In the event that significant archeological or historical properties will be adversely affected, the Non-Federal Sponsor shall formulate a mitigation plan in consultation with the Government and any other parties involved in the development of a Section 106 Memorandum of Agreement (hereinafter the "MOA"). The Non-Federal Sponsor shall be responsible for implementing the mitigation contained in a signed MOA prior to the initiation of any construction activities affecting historic properties.

B. The Non-Federal Sponsor's responsibilities under this Article are limited to those historic properties within the Undertaking's area of potential effect, as defined by 36 CFR Part 800.2(c). Any betterments not affecting historic properties and constructed by the Non-Federal Sponsor without Federal funds are not considered to be subject to the provisions of this Article.

C. The Non-Federal Sponsor shall include provisions in all construction contracts for the protection of cultural resources discovered during construction. These provisions shall include, at a minimum, the cessation of work in the immediate area of a discovered cultural resource until the situation is properly evaluated, the immediate verbal and written notification of the Non-Federal Sponsor and Government, and consultation between the Non-Federal Sponsor, the Government and the SHPO on appropriate measures to evaluate and treat the resource. Where the Non-Federal Sponsor elects to perform the construction work with its own forces, the same procedures shall be followed.

D. The costs of identification, survey and evaluation of historic properties shall be included in total project costs, subject to Article VII of this Agreement, and cost shared in accordance with the provisions of this Agreement.

E. As specified in Section 7(a) of Public Law 93-291 (16 U.S.C. 469c(a)), the costs of mitigation and data recovery activities associated with historic preservation shall be borne entirely by the Government and shall not be included in total project costs up to the statutory limit of one percent of the total amount the Government is authorized to expend for the Project.

F. The Government shall not incur costs for archeological mitigation and archeological data recovery that exceed the statutory one percent limit specified in paragraph E. of this Article unless and until the Assistant Secretary of the Army (Civil Works) has waived (and the Secretary of Interior has concurred in the waiver) that limit in accordance with Section 208(3) of Public Law 96-515 (16 U.S.C. 469c-2(3)). Any costs of mitigation and data recovery that exceed the one percent limit shall be included in total project costs and cost shared in accordance with the provisions 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 Assistant Secretary of the Army (Civil Works).

THE DEPARTMENT OF THE ARMY

BY: _____
Joseph W. Westphal
Assistant Secretary of the Army
(Civil Works)

DATE: September 20th 1999

NEW HAVEN PUBLIC SERVICE DISTRICT

BY: _____
Kenneth Hayes
Chairman

DATE: 9-20-99

WITNESS: _____
Nick J. Rahall, II
Member of Congress
3rd District, West Virginia

DATE: September 20th 1999

CERTIFICATE OF AUTHORITY

I, Philip J. Tissue, do hereby certify that I am the principal legal officer of the New Haven Public Service District, that the New Haven 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 New Haven Public Service District in connection with the Fayette Plateau Regional Water System (Phase VIII) Project, and to pay damages in accordance with the terms of this Agreement, if necessary, in the event of the failure to perform, and that the persons who have executed this Agreement on behalf of the New Haven Public Service District have acted within their statutory authority.

IN WITNESS WHEREOF, I have made and executed this certification this September day of 20th, 1999.

Philip J. Tissue
Attorney at Law

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.

Kenneth Hayes
Chairman
New Haven Public Service District

DATE: 9-20-99

NEW HAVEN PUBLIC SERVICE DISTRICT

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

BOND RESOLUTION

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NEW HAVEN PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC WATERWORKS SYSTEM OF NEW HAVEN PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,241,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA DWTRF PROGRAM), AND NOT MORE THAN $10,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF NEW HAVEN PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer does not presently own or operate a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed a public waterworks system of the Issuer, consisting of a new water distribution system to serve approximately _____ new customers, together with all appurtenant facilities (collectively, the "Project") (the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than $11,241,000 in two series, being the Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program), in the aggregate principal amount of not more than $1,241,000 (the "Series 2000 A Bonds"), and the Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $10,000,000 (the "Series 2000 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2000 A Bonds and the Series 2000 B Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the Administrative Fee (as hereinafter defined) for the Series 2000 A Bonds, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2000 A Bonds and the Series 2000 B Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the

Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

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

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

H. The Issuer will receive all of its revenues under and pursuant to an Agreement, dated November 27, 1996, as amended (the "Agreement"), by and between the Issuer and the West Virginia-American Water Company (the "Company"), which Agreement has been approved by the Public Service Commission of West Virginia. The revenues to be paid by the Company to the Issuer under the Agreement will be sufficient to pay all costs of operation and maintenance of the System, to pay the principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds, and to make payments into all funds and accounts and other payments provided for herein.

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

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2000 A Bonds and the Series 2000 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for

rehearing and appeal of which will either have expired prior to the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds or such final order will not be subject to appeal or rehearing.

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

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

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

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

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

"Agreement" means initially, the Agreement, dated November 27, 1996, by and between the Issuer and the Company, as it may be amended from time to time, or any subsequent replacement or renewal Agreement, as approved by the Public Service Commission of West Virginia.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2000 A Bonds and the Series 2000 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the BPH and the Council under the Act.

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

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

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

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

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

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

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

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

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

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

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

"Consulting Engineers" means Stafford Consultants, 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.

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

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

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

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

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

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

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

"Grants" means all moneys received by the Issuer on account of any Grant for the Project, including but not limited to, the Small Cities Block Grant.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements)

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

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

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

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

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

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

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

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

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

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

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

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2000 A Bonds and the Series 2000 B Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2000 A Bonds and the Series 2000 B Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other

obligations of the Issuer, including, without limitation, any reserve account which may hereafter be established.

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

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

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $12,491,000, 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 2000 A Bonds and the Series 2000 B Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and has entered into or will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority, the BPH and the Council.

The cost of the Project is estimated to be $12,491,000, of which $1,241,000 will be obtained from proceeds of the Series 2000 A Bonds, $10,000,000 will be obtained from proceeds of the Series 2000 B Bonds, and $1,250,000 will be obtained from the Small Cities Block Grant.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2000 A Bonds and the Series 2000 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2000 A Bonds and the Series 2000 B Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the Series 2000 A Bonds and the Series 2000 B Bonds of the Issuer. The Series 2000 A Bonds and the Series 2000 B Bonds shall be issued each as a single bond, designated respectively as "Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program)," in the principal amount of not more than $1,241,000, and "Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund)," in the principal amount of not more than $10,000,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 A Bonds and the Series 2000 B Bonds remaining after capitalizing interest on the Series 2000 A Bonds and the Series 2000 B Bonds, if any, shall be deposited in or credited to the respective Bonds Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

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

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

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

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

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

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

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

incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

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

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2000 A Bonds and the Series 2000 B 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 2000 A Bonds and the Series 2000 B Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2000 A Bonds and the Series 2000 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 A Bonds and the Series 2000 B Bonds or the interest, if any, thereon.

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

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

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

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

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

D. An executed copy of the Loan Agreement;

E. A copy of the Agreement;

F. A copy of the Letter of Credit; and

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

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

(FORM OF BOND)

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

No. AR-_____ $_____

KNOW ALL MEN BY THESE PRESENTS: That NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, as set forth on EXHIBIT B attached hereto.

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

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

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of a new public waterworks system of the Issuer (the "Project"); and (ii) to pay

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

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 B Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation and as long as the Agreement (as defined in the Bond Legislation) is in place, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 100% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 B Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2000 A Bonds Reserve

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

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

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

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

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

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

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

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2000.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

CH588422.3

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:

_____

CH588422.3

(FORM OF BOND)

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

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That NEW HAVEN PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Fayette County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____). or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

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

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

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

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2000 A Bonds, unexpended proceeds of the Bonds and proceeds of the Letter of Credit (as defined in the Bond Legislation). Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation and as long as the Agreement (as defined in the Bond Legislation) is in place, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 100% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2000 A Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2000 B Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the

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

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

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

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

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

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

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

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2000.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

CH588422.3

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2000 A Bonds and the Series 2000 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreements. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

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

ARTICLE IV

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 Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $2,000,000. 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 Bonds or the Grants, the Surplus Revenues and the letter of credit proceeds (if issued in the form of grant anticipation notes) and from other sources described in the Indenture and/or 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 of the Issuer, if any, 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 $500,000 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 hereby created with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund;

(2) Series 2000 A Bonds Construction Trust Fund; and

(3) Series 2000 B Bonds Construction Trust Fund.

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

(1) Series 2000 A Bonds Sinking Fund;

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

(3) Series 2000 B Bonds Sinking Fund; and

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

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) commencing 3 months prior to the first date of payment of principal of the Series 2000 A Bonds, for deposit in the Series 2000 A Bonds Sinking Fund, an amount equal to 1/3 of the amount of principal which will mature and become due on the Series 2000 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2000 B Bonds, for deposit in the Series 2000 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2000 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account shall be funded with the Letter of Credit. In the event the Letter of Credit is terminated or reduced, the Issuer shall be required to fund the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account, in the amounts required under the Loan Agreement, unless such requirement is waived by the BPH and the Council.

(4) So long as the Letter of Credit is in place, no Renewal and Replacement Fund shall be required for the Series 2000 A Bonds and the Series 2000 B Bonds. In the event the Letter of Credit is terminated or reduced, the Issuer shall be required to establish a Renewal and Replacement Fund in the amounts required under the Loan Agreement, unless such requirement is waived by the BPH and the Council.

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

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

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

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

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

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2000 A Bonds and the Series 2000 B Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2000 A Bonds Sinking Fund, the Series 2000 B Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account created hereunder, and all amounts required for said funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2000 A Bonds Sinking Fund, the Series 2000 B Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account and the Series 2000 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

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

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2000 A Bonds and the Series 2000 B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the Administrative Fee as set forth in Schedule Y attached to the Loan Agreement for the Series 2000 A Bonds.

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

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

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the

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

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

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

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

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

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

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

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

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. On or before the Closing Date, the Issuer shall have delivered to the Authority and the BPH a report listing the specific purposes for which the proceeds of the Series 2000 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2000 A Bonds Construction Trust Fund shall be made only after submission to the BPH of the following:

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

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

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

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

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

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

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

Except as provided in Section 6.01 hereof, disbursements from the Series 2000 B Bonds Construction Trust Fund shall be made only after submission to, and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

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

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

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

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

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered September 12, 1997, in Case No. 96-1477-W-PWD-PC-CN.

In the event the schedule of rates and charges initially established for the System in connection with the Series 2000 A Bonds and the Series 2000 B Bonds shall prove to be insufficient to produce the amounts required by this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and

take all such actions necessary to provide funds sufficient to produce the amounts required by this Bond Legislation and the Loan Agreement.

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

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

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

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

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

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

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

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

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

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

(1) The Bonds then Outstanding;

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

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

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

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and

security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

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

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority, the BPH and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority, the BPH and the Council such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

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

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

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2000 A Bonds and the Series 2000 B Bonds, and shall submit said report to the BPH, the Council and the Authority, or any other original purchaser of the Series 2000 A Bonds and the Series 2000 B Bonds. Such audit report submitted to the BPH, the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

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

The Issuer shall provide the BPH with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit D of the Loan Agreement for the Series 2000 A Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2000 A Bonds and the Series 2000 B Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 100% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2000 A Bonds and the Series 2000 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 A Bonds and the Series 2000 B Bonds. In the event the Agreement is no longer in place, the Issuer shall comply with the requirements of Sections 4.1(b)(ii) and 5.2 of the Loan Agreement. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority, the BPH and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget

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

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

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority, the BPH and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority, the BPH and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

Unless otherwise waived by the BPH, 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.

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

In the event that the Agreement is no longer in effect, and to the extent required by law, the Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the BPH in writing of the certified operator employed at the 50% completion stage.

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

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

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

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or

charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

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

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

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

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

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

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion, Operation and Maintenance of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards. The Issuer shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2000 A Bonds and the Series 2000 B Bonds are outstanding. To the extent operation and maintenance is done by the Company, the Issuer shall enforce the provisions of the Agreement to fulfil compliance with this covenant.

The Issuer shall obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the financing, acquisition and construction of the Project and the operation of the System.

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

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

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

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

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2000 A Bonds and the Series 2000 B Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

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

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

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

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

ARTICLE IX

DEFAULT AND REMEDIES

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

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

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

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

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

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

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

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

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

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

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

Whenever all that is due upon the Series 2000 A Bonds and the Series 2000 B Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Series 2000 A Bonds and the Series 2000 B Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character

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

ARTICLE X

PAYMENT OF BONDS

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

ARTICLE X

PAYMENT OF BONDS

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

ARTICLE XI

MISCELLANEOUS

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

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

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

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

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

ISSUER:

New Haven Public Service District
Post Office Box 99
Lansing, West Virginia 25862
Attention: Chairman

COMPANY:

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

AUTHORITY:

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

BPH:

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

COUNCIL:

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

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

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

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

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

Adopted this February 22, 2000.

Chairman

CH588422.3

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of NEW HAVEN PUBLIC SERVICE DISTRICT on February 22, 2000.

Dated: March 2, 2000.

[SEAL]

Secretary

02/16/00
658590/99001

CH588422.3

EXHIBIT A

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

State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1571
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

September 21, 2000

New Haven Public Service District
Water Revenue Bonds,
Series 2000 C (West Virginia Water Development Authority) and
Series 2000 D (West Virginia DWTRF Program)

TO WHOM IT MAY CONCERN:

In reliance upon a certificate of the Issuer's certified public accountant stating that the parity's requirements have been met, the undersigned duly authorized representative for West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Series 2000 A Bonds and the Series 2000 B Bonds, hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority), and Water Revenue Bonds, Series 2000 D (West Virginia DWTRF Program) (collectively, the "Bonds"), in the respective original aggregate principal amounts of $1,605,000 and $767,354 by New Haven 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 outstanding Water Revenue Bonds, Series 2000 A (West Virginia DWTRF Program) (the "Series 2000 A Bonds") and Water Revenue Bonds, Series 2000 B (West Virginia Infrastructure Fund) (the "Series 2000 B Bonds").

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Daniel B. Lyonkosky
Authorized Representative

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **September 21, 2000**

Re: **Closing Memo - New Haven Public Service Water Revenue Bonds, Series 2000 C (West Virginia Water Development Authority) and Series 2000 D (West Virginia DWTRF Program)**

1. DISBURSEMENTS TO NEW HAVEN PUBLIC SERVICE DISTRICT

A.

Payor:	West Virginia Water Development Authority
Source:	Series 2000 C Bonds Proceeds
Amount:	$1,408,701
Form:	Wire Transfer
Payee:	New Haven Public Service District
Bank:	Fayette County National Bank
Routing #:	051502201
Account #:	24020
Contact:	Linda L. Ramsey (304) 574-1212
Account:	Series 2000 C Bonds Repo Account

B.

Payor:	West Virginia DWTRF Program
Source	Series 2000 D Bonds Proceeds
Amount:	$38,389
Form:	Wire Transfer
Payee:	New Haven Public Service District
Bank:	Fayette County National Bank
Routing #:	051502201
Account #:	1401114
Contact:	Linda L. Ramsey (304) 574-1212
Account:	New Haven PSD Construction Account

DISBURSEMENTS FOR THE BENEFIT OF NEW HAVEN PUBLIC SERVICE DISTRICT

A.	Payor:	West Virginia Water Development Authority
	Source:	Series 2000 C Bonds Proceeds
	Amount:	$101,299
	Form:	Wire Transfer
	Payee:	West Virginia Municipal Bond Commission
	Bank:	One Valley Bank, National Association
	Routing #:	051900353
	Account #:	846-387-9
	Contact:	West Virginia State Treasurer for West Virginia Municipal Bond Commission
	Account:	Series 2000 C Bonds Sinking Fund (for capitalized interest)

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