OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund)

Date of Closing: June 4, 2002

BOND TRANSCRIPT

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BOND TRANSCRIPT

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OAKVALE ROAD PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2002 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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OAKVALE ROAD PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF OAKVALE ROAD PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $558,620 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2002 A (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 A LOAN AGREEMENT 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 OAKVALE ROAD 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"), supplemental to the Prior Resolution (as hereinafter defined), is adopted pursuant to the provisions of Chapter 16, Article 13A 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. Oakvale Road Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Mercer and Summers Counties 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 facilities of the Issuer, consisting of two components: the Brooks/Barksdale area in Summers County and the Pisgah Road area in Mercer County. In the Brooks/Barksdale area, the District plans on installing approximately 12,800 linear feet of 8 inch distribution mains; 7,000 linear feet of 6 inch distribution mains; and 2,000 linear feet of 2 inch distribution mains; 76 meters; one 60,000 gallon storage tank; and associated hydrants, valves, railroad and highway crossings and meter settings (collectively, the "Summers County Facilities"). The Summers County Facilities will be connected to existing facilities owned by the Company in Hinton. The Summers County Facilities will serve approximately 76 new customers. In the Pisgah Road area the District plans on installing approximately 21,400 linear feet of 10 inch distribution mains; 11,200 linear feet of 8 inch distribution mains; 3,800 linear feet of 6 inch distribution mains; 1,400 linear feet of 2 inch distribution mains; 63 meters; one 150,000 gallon storage tank; one 20,000 gallon storage tank; one 200 GPM booster station with prechlorination facilities; and associated hydrants, valves and meter settings (collectively, the "Mercer County Facilities"). The Mercer County Facilities will serve approximately 63 new customers. The Summers County Facilities and the Mercer County Facilities, together with all appurtenant facilities (collectively, the "Project") (the existing public waterworks facilities, the Project and any further improvements or extensions thereto are herein called the "System"), will be constructed 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 Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $558,620 (the "Series 2002 A 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 2002 A 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; 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, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2002 A 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 2002 A 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 2002 A 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"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2002 A Bonds as to liens, pledge and source of and security for payment, being (i) the Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), dated December 4, 1996, issued in the original aggregate principal amount of $12,700,000 (the "Series 1996 Bonds"), (ii) the Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), dated April 23, 1999, issued in the original aggregate principal amount of $1,268,489 (the "Series 1999 A Bonds"), and (iii) the Water Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), dated November 4, 1999, issued in the original aggregate principal amount of $731,511 (the "Series 1999 B Bonds," and together with the Series 1996 Bonds and the Series 1999 A Bonds, are herein collectively called the "Prior Bonds").

The Series 2002 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2002 A Bonds, the Issuer will obtain the written consent of the Holders of the Prior Bonds to the issuance of the Series 2002 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The Issuer will receive all of its revenues under and pursuant to an Agreement, dated May 8, 1995, 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 2002 A Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. In lieu of funding a debt service reserve account, the Company will provide a Letter of Credit in the amount of $27,931, 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 provide a Letter of Credit, the Issuer shall obtain a Letter of Credit or fund a debt service reserve account.

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 2002 A 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 2002 A 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 2002 A 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 2002 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Agreement" means initially, the Agreement, dated May 8, 1995, 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 2002 A 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 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 2002 A Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2002 A Bonds for all or a portion of the proceeds of the Series 2002 A 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.

"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, if any, which is guaranteed by, the United States of America.

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined. 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 Oakvale Road Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Mercer and Summers Counties, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Letter of Credit" means initially, the Letter of Credit in the stated amount of $27,931, from Branch Banking & Trust Company, Charleston, West Virginia, for the benefit of the Commission, and any subsequent replacement or renewal Letter of Credit.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2002 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2002 A 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, the Prior Bonds or the Notes, and as of any particular date, describes all Bonds, Prior Bonds or Notes theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest, if any, 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; (iv) any Prior Bond or Notes deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2002 A Bonds in the Supplemental Resolution.

"Prior Bonds" means collectively, the Series 1996 Bonds, the Series 1999 A Bonds and the Series 1999 B Bonds, described in Section 1.02G hereof.

"Prior Resolution" means, collectively, the resolution of the Issuer duly adopted December 4, 1996, as supplemented by the supplemental resolution of the Issuer duly adopted December 4, 1996, authorizing issuance of the Series 1996 Bonds, the resolution of the Issuer duly adopted April 20, 1999, as supplemented by the supplemental resolution of the Issuer duly adopted April 20, 1999, authorizing issuance of the Series 1999 A Bonds and the resolution of the Issuer duly adopted November 4, 1999, as supplemented by the supplemental resolution of the Issuer duly adopted November 4, 1999, authorizing issuance of the Series 1999 B Bonds.

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

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

(a) Government Obligations;

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

Government Obligations or interest coupons stripped from Government Obligations;

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

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

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia 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.

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

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

"Series 1996 Bonds" means the Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), of the Issuer, dated December 4, 1996, issued in the original aggregate principal amount of $12,700,000.

"Series 1999 A Bonds" means the Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), of the Issuer, dated April 23, 1999, issued in the original aggregate principal amount of $1,268,489.

"Series 1999 B Bonds" means the Water Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), of the Issuer, dated November 4, 1999, issued in the original aggregate principal amount of $731,511.

"Series 2002 A Bonds" means the Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2002 A Bonds Construction Trust Fund" means the Series 2002 A Bond Construction Trust Fund established by Section 5.01 hereof.

"Series 2002 A Bonds Sinking Fund" means the Series 2002 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2002 A Bonds Reserve Account" means the Series 2002 A Bonds Reserve Account established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 2002 A 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 2002 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2002 A Bonds, and not so included, may be included in another Supplemental Resolution.

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

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

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

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

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or 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 $3,091,120, 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 2002 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and has entered into or will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated to be $3,091,120, of which $558,620 will be obtained from proceeds of the Series 2002 A Bonds, $765,000 will be obtained from the Small Cities Block Grant, $1,178,000 will be obtained from the Governor's Contingency Grant, $500,000 will be obtained from the ARC Grant and $89,500 will be obtained from the Company (collectively the "Grants").

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 2002 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2002 A 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 2002 A Bonds of the Issuer. The Series 2002 A Bonds shall be issued as a single bond, designated "Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $558,620, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2002 A Bonds remaining after capitalizing interest on the Series 2002 A Bonds, if any, shall be deposited in or credited to the Series 2002 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2002 A 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 2002 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2002 A Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2002 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2002 A Bonds. The Series 2002 A 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 2002 A 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 2002 A Bonds shall cease to be such officer of the Issuer before the Series 2002 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2002 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2002 A 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 2002 A 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 2002 A 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 2002 A 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 2002 A 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 2002 A 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 2002 A 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 2002 A 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 2002 A 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 2002 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2002 A 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 2002 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holder of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on, if any, and other payments for the Series 2002 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2002 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2002 A 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 2002 A 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 2002 A 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 2002 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2002 A 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
OAKVALE ROAD PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2002 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That OAKVALE ROAD PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Mercer and Summers Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of_____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 2002, as set forth on the "Schedule of Annual Debt Service" 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 _____, 2002.

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 facilities 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 facilities of

the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2002, and a Supplemental Resolution duly adopted by the Issuer on _____, 2002 (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 (i) WATER REVENUE BONDS, SERIES 1996 (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 4, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,700,000, (ii) WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED APRIL 23, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,268,489 AND (iii) WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED NOVEMBER 4, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $731,511 (COLLECTIVELY THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, 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, 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 Prior Bonds. 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 Branch Banking and Trust Company (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, OAKVALE ROAD 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 _____, 2002.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 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: _____, 2002.

BRANCH BANKING AND TRUST COMPANY,
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

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

_____

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2002 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the Council a schedule, in the form of which will be provided by the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (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); and

(2) Series 2002 A 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 2002 A Bonds Sinking Fund; and

(2) Series 2002 A 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 for deposit in the Series 1996 Bonds Sinking Fund, the Series 1999 A Bonds Sinking Fund and the Series 1999 B

Monies in the Series 2002 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2002 A Bonds, as the same shall become due.

All investment earnings on monies in the Series 2002 A Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2002 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2002 A Bonds and then to the next ensuing principal payment due thereon.

As and when additional Bonds ranking on a parity with the Series 2002 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest, if any, on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2002 A Bonds Sinking Fund when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2002 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest, if any, or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2002 A 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 2002 A Bonds Sinking Fund created hereunder, and all amounts required for said fund shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2002 A Bonds Sinking Fund shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2002 A Bonds Sinking Fund shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2002 A Bonds Outstanding 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 and reserve payments with respect to the Series 2002 A 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.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement for the Series 2002 A Bonds, 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 monies 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 monies received from the sale of the Series 2002 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. As the Issuer receives advances of the monies derived from the sale of the Series 2002 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2002 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 2002 A Bonds.

B. 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 2002 A Bonds shall be applied as directed by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund. 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 2002 A Bonds Construction Trust Fund (except for the costs of issuance of the Series 2002 A Bonds which shall be made upon request of the Issuer) 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, monies in the Series 2002 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2002 A 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 2002 A 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 2002 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2002 A 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 2002 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2002 A Bonds or the interest thereon, if any.

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 2002 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holder of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 2002 A 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 March 13, 2002, in Case No. 01-1624-PWD-CN.

So long as the Series 2002 A 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 2002 A 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 the System, or any part thereof, except as provided in the Prior Resolution. Additionally, so long as the Series 2002 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2002 A Bonds, immediately be remitted to the Commission for deposit in the Series 2002 A Bonds Sinking Fund, and, with the written permission of the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 2002 A Bonds. Any balance remaining after the payment of the Series 2002 A Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $50,000, 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 $50,000 but not in excess of $200,000, 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 $50,000 and not in excess

of $200,000, shall, with the consent of 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 $200,000 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 2002 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2002 A 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 2002 A 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 2002 A 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 2002 A 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 Council prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2002 A Bonds, except with the prior written consent of the Authority and the Council (unless less restrictive then the provisions of the Prior Resolution).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2002 A 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 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 2002 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2002 A 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 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 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 and the Council, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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

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

The Issuer shall file with the Council, the Authority, or any other original purchaser of the Series 2002 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2002 A 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 said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2002 A Bonds, and shall submit said

report to the Council and the Authority, or any other original purchaser of the Series 2002 A Bonds. Such audit report submitted to 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 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 and commencement of operation 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 Authority and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2002 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 100% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2002 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2002 A 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 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 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 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 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 and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall 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 fulfill compliance with this convenant.

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 2002 A 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 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. The Issuer shall verify such insurance prior to commencement of construction.

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 2002 A Bonds are outstanding. To the extent maintenance is done by the Company, the Issuer shall enforce the provisions of the Agreement to fulfil compliance with this covenant.

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2002 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2002 A 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 2002 A Bonds

and shall be on a parity with the statutory mortgage lien in favor of the Holder of the Prior Bonds.

Section 7.19. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the 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 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 2002 A 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 Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2002 A 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 Council before expending any proceeds of the Series 2002 A Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank 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 2002 A 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 2002 A Bonds as a condition to issuance of the Series 2002 A 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 2002 A Bonds as may be necessary in order to maintain the status of the Series 2002 A 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 2002 A 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, DEP or the Council, as the case may be, from which the proceeds of the Series

2002 A 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, DEP or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the Series 2002 A 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 2002 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2002 A 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 2002 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2002 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Series 2002 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, if any, 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 2002 A 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 2002 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2002 A Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holder of the Series 2002 A Bonds shall be on a parity with the Holder of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 2002 A Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and

after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Series 2002 A Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Series 2002 A 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 2002 A 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, if any, 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 2002 A 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 2002 A Bonds, the principal of and interest, if any, due or to become due thereon at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2002 A 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 2002 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2002 A 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 2002 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2002 A 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 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 2002 A 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 2002 A 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 2002 A 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 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:

Oakvale Road Public Service District
Post Office Box 1061
Athens Road
Princeton, West Virginia 24740
Attention: Manager
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: Executive Director

COUNCIL:

West Virginia Infrastructure Council
300 Summers Street, Suite 980
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 Council hereunder, shall also be sent to the Authority.

Section 11.06. Conflicting Provisions Repealed; Prior Resolution. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution and the Prior 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. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this May 29, 2002.

Willis Warren

Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of OAKVALE ROAD PUBLIC SERVICE DISTRICT on May 29, 2002.

Dated: June 4, 2002.

[SEAL]

Richard B Fowlin
Secretary

05/24/02
667990.00001

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, PRINCIPAL PAYMENT DATE, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF OAKVALE ROAD PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING A LETTER OF CREDIT TO ADDITIONALLY SECURE THE BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Oakvale Road Public Service District (the "Issuer") has duly and officially adopted a bond resolution, effective May 29, 2002 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF OAKVALE ROAD PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $558,620 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2002 A (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 A LOAN AGREEMENT 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 2002 A (West Virginia Infrastructure Fund), of the Issuer, in the original aggregate principal amount not to exceed $558,620 (the "Bonds" or the "Series 2002 A Bonds"), and has authorized the execution and delivery of the loan agreement relating to the Bonds (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and entered into by the Issuer, that the Letter of Credit be approved,

that the exact principal amount, the date, the maturity date, the redemption provision and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF OAKVALE ROAD 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 Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $558,620. The Series 2002 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2042, and shall bear no interest. The principal of the Series 2002 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2002, and maturing June 1, 2042, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2002 A Bonds. The Series 2002 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 2002 A Bonds.

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

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

Section 4. The Issuer does hereby approve the Letter of Credit and the issuance of the Letter of Credit to fund the Series 2002 A Bonds Reserve Account, and hereby agrees that the Authority may hereafter require that the Series 2002 A Bonds Reserve Account be funded in the amount required under the Resolution and the Loan Agreement in the event the Letter of Credit is reduced or terminated.

Section 5. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Resolution and does approve and accept the Registrar's Agreement to

be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

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

Section 7. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Princeton, West Virginia, to serve as Depository Bank under the Resolution.

Section 8. Series 2002 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 A Bonds Sinking Fund as capitalized interest.

Section 9. Series 2002 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 A Bonds Reserve Account. The Series 2002 A Bonds Reserve Account shall be funded with the Letter of Credit in the stated amount of $27,931.

Section 10. The balance of the proceeds of the Series 2002 A Bonds shall be deposited in the Series 2002 A Bonds Construction Trust Fund as received from time to time for payment of Costs of the Project, including, without limitation, costs of issuance of the Series 2002 A Bonds.

Section 11. 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 June 4, 2002.

Section 12. 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 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Resolution held by the Depository Bank 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 monies to be invested in such repurchase agreements or time accounts, until further directed by the Issuer.

Monies in the Series 2002 A Bonds Sinking Fund shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 29th day of May, 2002.

Willis Warren
Chairman

L L Elmore
Member

Richard B Nowlin
Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of OAKVALE ROAD PUBLIC SERVICE DISTRICT on the 29th day of May, 2002.

Dated: June 4, 2002.

[SEAL]

Richard B Nowlin

Secretary

05/24/02
667990.00001

IC-1
(10/2/01)

LOAN AGREEMENT

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

OAKVALE ROAD PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

1.7 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined,

to evidence the Loan and to be purchased by the Authority, all in accordance with the provisions of this Loan Agreement.

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System

which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

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

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans from the Infrastructure Fund to finance projects and that the obligation of the Authority to make any

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia

Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the
Governmental Agency

6.1 The Governmental Agency hereby warrants and represents that all information provided to the Authority and the Council in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does

not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority and the Council shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation made to the Authority and the Council by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act or this Loan Agreement.

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

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

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

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

ARTICLE VII

Miscellaneous

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

7.2 Schedules X and Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be

approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority and the Council.

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

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

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

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

OAKVALE ROAD PUBLIC SERVICE DISTRICT

(SEAL)

By: Hillis Warren
Its: Chairperson

Attest:

Date: 5/29/02

Richard B Nowlin
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Yankovich
Its: Director

Attest:

Date: 6/04/02

Barbara B Meadows
Its: Secretary-Treasurer

00832/00466
05/21/02

M0366229.1

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

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

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

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

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

Witnesseth my signature this ___ day of _____, _____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Instructions for Completing Monthly Financial Report

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

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

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

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

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

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

EXHIBIT D

[Monthly Payment Form]

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest $_____

Principal $_____

Total: $_____

Reserve Account: $_____

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $558,620
Purchase Price of Local Bonds $558,620

The Local Bonds shall bear no interest. Commencing September 1, 2002, principal of the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

1. Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), dated December 4, 1996, issued in the original principal amount of $12,700,000.

2. Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), dated April 23, 1999, issued in the original principal amount of $1,268,489.

3. Water Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), dated November 4, 1999, issued in the original principal amount of $731,511.

SCHEDULE Y

Oakvale Public Service District (West Virginia)

Loan of $558,620
40 Years, 0% Interest Rate
Closing Date: June 4, 2002

DEBT SERVICE SCHEDULE

9/01/2002	3,491.38	-	3,491.38
12/01/2002	3,491.38	-	3,491.38
3/01/2003	3,491.38	-	3,491.38
6/01/2003	3,491.38	-	3,491.38
9/01/2003	3,491.38	-	3,491.38
12/01/2003	3,491.38	-	3,491.38
3/01/2004	3,491.38	-	3,491.38
6/01/2004	3,491.38	-	3,491.38
9/01/2004	3,491.38	-	3,491.38
12/01/2004	3,491.38	-	3,491.38
3/01/2005	3,491.38	-	3,491.38
6/01/2005	3,491.38	-	3,491.38
9/01/2005	3,491.38	-	3,491.38
12/01/2005	3,491.38	-	3,491.38
3/01/2006	3,491.38	-	3,491.38
6/01/2006	3,491.38	-	3,491.38
9/01/2006	3,491.38	-	3,491.38
12/01/2006	3,491.38	-	3,491.38
3/01/2007	3,491.38	-	3,491.38
6/01/2007	3,491.38	-	3,491.38
9/01/2007	3,491.38	-	3,491.38
12/01/2007	3,491.38	-	3,491.38
3/01/2008	3,491.38	-	3,491.38
6/01/2008	3,491.38	-	3,491.38
9/01/2008	3,491.38	-	3,491.38
12/01/2008	3,491.38	-	3,491.38
3/01/2009	3,491.38	-	3,491.38
6/01/2009	3,491.38	-	3,491.38
9/01/2009	3,491.38	-	3,491.38
12/01/2009	3,491.38	-	3,491.38
3/01/2010	3,491.38	-	3,491.38
6/01/2010	3,491.38	-	3,491.38
9/01/2010	3,491.38	-	3,491.38
12/01/2010	3,491.38	-	3,491.38
3/01/2011	3,491.38	-	3,491.38
6/01/2011	3,491.38	-	3,491.38
9/01/2011	3,491.38	-	3,491.38
12/01/2011	3,491.38	-	3,491.38
3/01/2012	3,491.38	-	3,491.38
6/01/2012	3,491.38	-	3,491.38
9/01/2012	3,491.38	-	3,491.38
12/01/2012	3,491.38	-	3,491.38
3/01/2013	3,491.38	-	3,491.38
6/01/2013	3,491.38	-	3,491.38
9/01/2013	3,491.38	-	3,491.38
12/01/2013	3,491.38	-	3,491.38
3/01/2014	3,491.38	-	3,491.38

Oakvale Public Service District (West Virginia)

Loan of $558,620
40 Years, 0% Interest Rate
Closing Date: June 4, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2014	3,491.38	-	3,491.38
9/01/2014	3,491.38	-	3,491.38
12/01/2014	3,491.38	-	3,491.38
3/01/2015	3,491.38	-	3,491.38
6/01/2015	3,491.38	-	3,491.38
9/01/2015	3,491.38	-	3,491.38
12/01/2015	3,491.38	-	3,491.38
3/01/2016	3,491.38	-	3,491.38
6/01/2016	3,491.38	-	3,491.38
9/01/2016	3,491.38	-	3,491.38
12/01/2016	3,491.38	-	3,491.38
3/01/2017	3,491.38	-	3,491.38
6/01/2017	3,491.38	-	3,491.38
9/01/2017	3,491.38	-	3,491.38
12/01/2017	3,491.38	-	3,491.38
3/01/2018	3,491.38	-	3,491.38
6/01/2018	3,491.38	-	3,491.38
9/01/2018	3,491.38	-	3,491.38
12/01/2018	3,491.38	-	3,491.38
3/01/2019	3,491.38	-	3,491.38
6/01/2019	3,491.38	-	3,491.38
9/01/2019	3,491.38	-	3,491.38
12/01/2019	3,491.38	-	3,491.38
3/01/2020	3,491.38	-	3,491.38
6/01/2020	3,491.38	-	3,491.38
9/01/2020	3,491.38	-	3,491.38
12/01/2020	3,491.38	-	3,491.38
3/01/2021	3,491.38	-	3,491.38
6/01/2021	3,491.38	-	3,491.38
9/01/2021	3,491.38	-	3,491.38
12/01/2021	3,491.38	-	3,491.38
3/01/2022	3,491.38	-	3,491.38
6/01/2022	3,491.38	-	3,491.38
9/01/2022	3,491.37	-	3,491.37
12/01/2022	3,491.37	-	3,491.37
3/01/2023	3,491.37	-	3,491.37
6/01/2023	3,491.37	-	3,491.37
9/01/2023	3,491.37	-	3,491.37
12/01/2023	3,491.37	-	3,491.37
3/01/2024	3,491.37	-	3,491.37
6/01/2024	3,491.37	-	3,491.37
9/01/2024	3,491.37	-	3,491.37
12/01/2024	3,491.37	-	3,491.37
3/01/2025	3,491.37	-	3,491.37
6/01/2025	3,491.37	-	3,491.37
9/01/2025	3,491.37	-	3,491.37
12/01/2025	3,491.37	-	3,491.37

Oakvale Public Service District (West Virginia)

Loan of $558,620
40 Years, 0% Interest Rate
Closing Date: June 4, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2026	3,491.37	-	3,491.37
6/01/2026	3,491.37	-	3,491.37
9/01/2026	3,491.37	-	3,491.37
12/01/2026	3,491.37	-	3,491.37
3/01/2027	3,491.37	-	3,491.37
6/01/2027	3,491.37	-	3,491.37
9/01/2027	3,491.37	-	3,491.37
12/01/2027	3,491.37	-	3,491.37
3/01/2028	3,491.37	-	3,491.37
6/01/2028	3,491.37	-	3,491.37
9/01/2028	3,491.37	-	3,491.37
12/01/2028	3,491.37	-	3,491.37
3/01/2029	3,491.37	-	3,491.37
6/01/2029	3,491.37	-	3,491.37
9/01/2029	3,491.37	-	3,491.37
12/01/2029	3,491.37	-	3,491.37
3/01/2030	3,491.37	-	3,491.37
6/01/2030	3,491.37	-	3,491.37
9/01/2030	3,491.37	-	3,491.37
12/01/2030	3,491.37	-	3,491.37
3/01/2031	3,491.37	-	3,491.37
6/01/2031	3,491.37	-	3,491.37
9/01/2031	3,491.37	-	3,491.37
12/01/2031	3,491.37	-	3,491.37
3/01/2032	3,491.37	-	3,491.37
6/01/2032	3,491.37	-	3,491.37
9/01/2032	3,491.37	-	3,491.37
12/01/2032	3,491.37	-	3,491.37
3/01/2033	3,491.37	-	3,491.37
6/01/2033	3,491.37	-	3,491.37
9/01/2033	3,491.37	-	3,491.37
12/01/2033	3,491.37	-	3,491.37
3/01/2034	3,491.37	-	3,491.37
6/01/2034	3,491.37	-	3,491.37
9/01/2034	3,491.37	-	3,491.37
12/01/2034	3,491.37	-	3,491.37
3/01/2035	3,491.37	-	3,491.37
6/01/2035	3,491.37	-	3,491.37
9/01/2035	3,491.37	-	3,491.37
12/01/2035	3,491.37	-	3,491.37
3/01/2036	3,491.37	-	3,491.37
6/01/2036	3,491.37	-	3,491.37
9/01/2036	3,491.37	-	3,491.37
12/01/2036	3,491.37	-	3,491.37
3/01/2037	3,491.37	-	3,491.37
6/01/2037	3,491.37	-	3,491.37
9/01/2037	3,491.37	-	3,491.37

Oakvale Public Service District (West Virginia)

Loan of $558,620
40 Years, 0% Interest Rate
Closing Date: June 4, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2037	3,491.37	-	3,491.37
3/01/2038	3,491.37	-	3,491.37
6/01/2038	3,491.37	-	3,491.37
9/01/2038	3,491.37	-	3,491.37
12/01/2038	3,491.37	-	3,491.37
3/01/2039	3,491.37	-	3,491.37
6/01/2039	3,491.37	-	3,491.37
9/01/2039	3,491.37	-	3,491.37
12/01/2039	3,491.37	-	3,491.37
3/01/2040	3,491.37	-	3,491.37
6/01/2040	3,491.37	-	3,491.37
9/01/2040	3,491.37	-	3,491.37
12/01/2040	3,491.37	-	3,491.37
3/01/2041	3,491.37	-	3,491.37
6/01/2041	3,491.37	-	3,491.37
9/01/2041	3,491.37	-	3,491.37
12/01/2041	3,491.37	-	3,491.37
3/01/2042	3,491.37	-	3,491.37
6/01/2042	3,491.37	-	3,491.37
Total	**558,620.00**	**-**	**558,620.00**

YIELD STATISTICS

Bond Year Dollars	$11,237.56
Average Life	20.117 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.22E-10
Bond Yield for Arbitrage Purposes	1.22E-10
All Inclusive Cost (AIC)	1.22E-10

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	20.117 Years

SCHEDULE Z

MODIFICATIONS AND ADDITIONAL PROVISIONS TO THE LOAN AGREEMENT

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

2. So long as the Agreement, dated May 8, 1995, as amended, between the Governmental Agency and West Virginia-American Water Company is in effect, the rate coverage requirement of Section 4.1(b)(ii) of the Loan Agreement shall be waived.

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 13th day of March, 2002.

CASE NO. 01-1624-PWD-CN

WEST VIRGINIA-AMERICAN WATER COMPANY; OAKVALE ROAD PUBLIC SERVICE DISTRICT; THE COUNTY COMMISSION OF MERCER COUNTY; THE COUNTY COMMISSION OF SUMMERS COUNTY; THE CITY OF HINTON; AND THE CITY OF PRINCETON.

Application for Certificate of Convenience and Necessity to Construct Line Extensions in the Brooks/Barksdale Area of Summers County and the Pisgah Road Area of Mercer County.

COMMISSION ORDER

This case is before the Commission on the West Virginia-American Water Company's (Water Company's) and the Oakvale Road Public Service District's (District's) application for a certificate of convenience and necessity to construct line extensions in the Brooks/Barksdale area of Summers County and Pisgah Road area of Mercer County. For reasons explained below, the Commission will grant the Water Company's and the District's application.

Background

On November 5, 2001, the Water Company and the District filed a joint petition to reopen Case No. 94-0098-W-PWD-PC-CN for the purpose of requesting approval of the third amendment to the operation and maintenance agreement. Thereafter, the District filed a prefiling letter along with a petition requesting approval for a certificate of convenience and necessity.

On November 19, 2001, Staff filed an Initial Joint Staff Memorandum in Case No. 94-0098-W-PWD-PC-CN in which it recommended that the District's prefiling be converted to certificate status on December 5, 2001. On December 6, 2001, the Commission entered an order in which it dismissed Case No. 94-0098-W-PWD-PC-CN and directed that the documents filed on November 5, 2001, and December 5, 2001, in Case No. 94-0098-W-PWD-PC-CN be filed in a case designated as Case No. 01-1624-PWD-CN (the case that is currently before the Commission).

In their November 5, 2001, filing, the Water Company and District explained that in orders entered on October 28, 1994, February 5, 1996, March 11, 1998, April 2, 1999, and April 19, 1999, in Case No. 94-0098-W-PWD-PC-CN, the Commission had, among other things, (1) granted the Water Company a certificate of convenience of necessity to construct the Bluestone Regional Treatment Plant (Bluestone Plant); (2) issued a conditional certificate to the District to construct Phases I, II, II-B and II-C of the project; (3) approved various funding scenarios to fund the construction of the District's facilities; (4) approved the original of, and certain amendments to, an operation and maintenance agreement (O&M Agreement) between the Water Company and the District; and (5) approved certain special rate-making treatment for the Water Company, including a "use fee" not to exceed $600,000 to be paid by the Water Company to the District under the O&M Agreement.

Since the Commission's most recent order in Case No. 94-0098-W-PWD-PC-CN, the District has received commitments for additional grant funds which, with a contribution from the Water Company and the application of an as-yet applied use fee, will enable the District to construct additional transmission and distribution lines and associated facilities in the Brooks/Barksdale and Pisgah Road areas. This will be called "Phase IIIA" of the project.

Phase IIIA will consist of two components: the Brooks/Barksdale area and the Pisgah Road area. In the Brooks/Barksdale area the District plans on installing approximately 12,800 linear feet of 8 inch distribution mains; 7,000 linear feet of 6 inch distribution mains; and 2,000 linear feet of 2 inch distribution mains; 76 meters; one 60,000 gallon storage tank; and associated hydrants, valves, railroad and highway crossings and meter settings (collectively, the "Summers County Facilities"). The Summers County Facilities will be connected to existing facilities owned by the Water Company in Hinton. The Summers County Facilities will serve approximately 76 new customers.

In the Pisgah Road area the District plans on installing approximately 21,400 linear feet of 10 inch distribution mains; 11,200 linear feet of 8 inch distribution mains; 3,800 linear feet of 6 inch distribution mains; 1,400 linear feet of 2 inch distribution mains; 63

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meters; one 150,000 gallon storage tank; one 20,000 gallon storage tank; one 200 GPM booster station with prechlorination facilities; and associated hydrants, valves and meter settings (collectively, the "Mercer County Facilities"). The Mercer County Facilities will serve approximately 63 new customers.

The cost of the Phase IIIA facilities will be approximately $3,036,120 and will be financed as follows:

Small Cities Block Grant	$ 765,000
Appalachian Regional Commission Grant	$ 500,000
Water Company Contribution	$ 89,500[1]
Governor's Contingency Fund	$1,123,000
Infrastructure Loan (payable over a 40-year term at no interest from the use fee payable by the Water Company to the District)	$ 558,620
TOTAL	**$3,036,120**

The rates of the new customers to be served by the Phase IIIA Facilities will be the same as the District's current rates for its other customers. The parties noted that the District's rates are the same as the Water Company's rates. There will be no rate increase associated with the construction of the Phase IIIA Facilities.

The parties also requested that the Commission approve in advance the form of the third amendment to the Agreement. The purpose of the third amendment is to update and

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[1]The District and Water Company on page 4 of their Joint Petition filed on November 5, 2001, state that the Water Company's contribution is $89,000 and that the total project funding is $3,036,120. Staff picks up the $89,000 figure in its Utilities Division Final Recommendation attached to the Final Joint Staff Memorandum filed on February 26, 2002. However, if the $89,000 figure is used, the total project funding would add up to less than $3,036,120 and would not match the project costs. In its binding offer of a loan to the District, the West Virginia Infrastructure & Jobs Development Council listed the project funding and stated that the Water Company would be contributing $89,500. See Exhibit 11 attached to Joint Petition filed November 5, 2001. Also, in a letter dated October 24, 2001, the Water Company stated that $89,500 would be available for funding a portion of the Phase IIIA project. See Id. Thus, the Commission concludes the $89,000 figure was a typographical error. Accordingly, the Commission substituted $89,000 with $89,500 above.

extend the terms of the O&M Agreement to make the Water Company's use fee obligations commensurate with the term of the District's bonds to be issued as security for the Phase IIIA loan. The parties noted that the Commission has previously approved a similar amendment in West Virginia-American Water Company, PSC Case No. 96-1477-W-PWD-PC-CN (Commission order entered June 12, 2000).

The parties noted that the District is in the process of working with the Summers and Mercer County Commissions to enlarge the District's boundaries to incorporate the areas in which the Phase IIIA Facilities will be located. The parties further noted that the Summers County Commission approved the enlargement proposal at a public hearing held on November 5, 2001. Additionally, since a portion of the enlarged area will fall within the corporate boundaries of Hinton, the Hinton's City Council has adopted a resolution consenting to the inclusion of this area in the District's boundaries as required by W. Va. Code § 16-13A-2.

The parties noted that the Mercer County Commission has also approved a proposal by the District to enlarge the District's current boundaries in Mercer County to incorporate the area in which the Mercer County Facilities are to be located. The Mercer County Commission set a hearing on the enlargement proposal for November 14, 2001. The parties stated that once the county commissions enter orders enlarging the District in their respective counties, the District will file the materials required by W. Va. Code § 16-13A-2 and 150 WVCSR 17-6.2 and request that the Commission set hearings in Summers and Mercer Counties on the proposed enlargements.

Nevertheless, the parties note that since the areas in which the Phase IIIA Facilities will be located are within ten miles of the District's existing boundaries, the District may construct public service properties in those areas without Commission approval pursuant to W. Va. Code § 16-13A-8. The parties further stated that the Phase IIIA Facilities will not infringe upon any other utility's service area or affect any other utility, financially or otherwise.

The parties requested that the Commission issue a certificate of convenience and necessity for the Phase IIIA Facilities no later than February 28, 2002.

On December 6, 2001, the Commission directed the parties to publish the notice of filing. The District complied with this directive as is evidenced by the affidavits of publication filed by the District on March 6, 2002.

On December 28, 2001, the parties filed copies of permits from the Bureau for Public Health, NPDES, Department of Highways and Army Corps of Engineers. The parties stated that it would be filing the two remaining permits, the Public Land

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Corporation permit and the CSX permit, at a later date. The parties updated their November 5, 2001, filing by stating that since the District now only expects to secure the Water Company's consent to the extension of a main approximately 150 feet into the Water Company's franchise areas within the City of Hinton, the District's boundary enlargement will not incorporate any territory within the City of Hinton's corporate boundaries.

The parties also noted that the District's W. Va. Code § 16-13A-25 legal advertisement and paragraph 4.b of the Joint Petition indicate that the Pisgah Road component of Phase IIIA would incorporate one 150,000 gallon storage tank and one 20,000 gallon storage tank. The parties stated that the final design and bidding documents incorporate two storage tanks of 131,000 gallons and 12,900 gallons, respectively. The parties also noted that the bidding documents for the Brooks/Barksdale component of the project indicate a 60,000 gallon storage tank with an alternate bid for a 100,000 gallon storage tank. The parties stated that the alternate bid was not mentioned in the Joint Petition. The parties asserted that these changes were not material in scope.

On January 18, 2002, the parties filed the Public Land Corporation license agreement. The parties also requested that the Commission approve interim financing for the District to assist in covering cash flow delays between the presentation of construction invoices and the receipt of certain grant distributions. The parties attached to its letter a commitment letter from the New Peoples Bank reflecting that the New Peoples Bank has agreed to make up to $500,000 available to the District at a taxable interest rate of Prime plus 200 basis points. The District noted that it will not be charged any fees for this loan. Thus, the parties requested that the Commission approve the interim borrowing.

On February 26, 2002, Staff filed a Final Joint Staff Memorandum in which it recommended that the Commission approve the application for a certificate of convenience and necessity. Staff also recommended that the Commission approve the amended O&M Agreement and the interim financing agreement the District has with the New Peoples Bank.

No protests have been filed in response to the published notice.

DISCUSSION

The Certificate

At the outset, the Commission notes that W. Va. Code § 24-2-11 provides, in pertinent part, as follows:

> (a) No public utility . . . shall begin the construction of any plant . . . for furnishing to the public any [utility] service . . . unless and until it shall obtain from the public service commission a certificate of convenience and necessity requiring such construction. . . Upon the filing of any application for such certificate, and after hearing, the commission may, in its discretion, issue or refuse to issue, or issue in part and refuse in part, such certificate of convenience and necessity: Provided, That the commission, after it gives proper notice and if no protest is received within thirty days after the notice is given, may waive formal hearing on the application.

Furthermore, in considering a certificate application, the Commission must assess whether the general public convenience will be served and assess the public necessity for the project. Sexton v. Public Service Commission, 188 W.Va. 305, 423 S.E.2d 914 (1992).

Additionally, W. Va. Code § 16-13A-25 requires public services districts to seek Commission consent and approval prior to borrowing money.

Upon review, the Commission concludes that the proposed project will serve the public convenience and necessity. Furthermore, the Commission agrees with Staff's conclusion that this project is both economically and technically feasible.

The protest period set forth in the published notice has expired without any protest being filed. Thus, the Commission concludes that it is appropriate to waive a hearing for this case.

The Commission notes that in Case No. 02-0049-PWD-PC the Mercer and Summers County Commissions are seeking Commission approval to enlarge the District's boundaries for the purpose of incorporating the Mercer/Summers Regional Water Project.

Based on all of the above, the Commission concludes that the Water Company's and District's certificate application, as more specifically described above, should be granted pursuant to W. Va. Code §24-2-11. The Commission also concludes that the financing of the project, as more specifically described above, should be approved pursuant to W. Va. Code §§ 24-2-11 and 16-13A-25.

The Third Amendment to the O&M Agreement

As stated above, the purpose of the third amendment is to update and extend the terms of the O&M Agreement to make the Water Company's use fee obligations commensurate with the term of the District's bonds to be issued as security for the Phase IIIA loan. As recommended by Staff, the Commission concludes that it is reasonable to approve the third amendment to the O&M Agreement without specifically approving the terms therein pursuant to W. Va. Code § 24-2-12 and Rule 10.4 of the Commission's Rules of Practice and Procedure.

The Interim Financing

The District seeks approval of an interim financing arrangement with New Peoples Bank, which is more specifically described above. The District explained that the interim financing arrangement was needed in order to assist the District in covering cash flow delays between the presentation of construction invoices and the receipt of certain grant distributions. As recommended by Staff, the Commission concludes that it is reasonable to approve the interim financing arrangement the District has with New Peoples Bank pursuant to W. Va. Code § 16-13A-25.

FINDINGS OF FACT

1. The District and Water Company seek a certificate of convenience and necessity to construct lines extensions in the Brooks/Barksdale area of Summers County and Pisgah Road are of Mercer County. Joint Petition filed November 5, 2001; District's and Water Company's letter filed December 5, 2001; and District's and Water Company's letter and attachments filed December 28, 2001.

2. The District and Water Company stated that the cost of the Phase IIIA facilities will be approximately $3,036,120 and will be financed as follows:

Small Cities Block Grant	$ 765,000
Appalachian Regional Commission Grant	$ 500,000
Water Company Contribution	$ 89,500
Governor's Contingency Fund	$1,123,000
Infrastructure Loan (payable over a 40-year term at no interest from the use fee payable by the Water Company to the District)	$ 558,620
TOTAL	**$3,036,120**

The rates of the new customers to be served by the Phase IIIA Facilities will be the same as the District's current rates for its other customers. There will be no rate increase associated with the construction of the Phase IIIA Facilities. Id.

3. The parties also requested that the Commission approve in advance the form of the third amendment to the Agreement. The purpose of the third amendment is to update and extend the terms of the O&M Agreement to make the Water Company's use fee obligations commensurate with the term of the District's bonds to be issued as security for the Phase IIIA loan. Id.

4. The parties noted that the District is in the process of working with the Summers and Mercer County Commissions to enlarge the District's boundaries to incorporate the areas in which the Phase IIIA Facilities will be located. The Mercer and Summers County Commissions have filed petitions (Case No. 02-0049-PWD-PC) seeking Commission approval to enlarge the District's boundaries for the purpose of incorporating the Mercer/Summers Regional Water Project. Id. and Case No. 02-0049-PWD-PC.

5. The District requested that the Commission approve interim financing for the District to assist in covering cash flow delays between the presentation of construction invoices and the receipt of certain grant distributions. The District attached to its letter a commitment letter from the New Peoples Bank reflecting that the New Peoples Bank has agreed to make up to $500,000 available to the District at a taxable interest rate of Prime plus 200 basis points. The District noted that it will not be charged any fees for this loan. District's letter filed January 18, 2002.

6. The protest period set forth in the notice of filing has expired without any protest being filed. See file generally.

7. Staff recommended that the Commission approve the application for a certificate of convenience and necessity. Staff also recommended that the Commission approve the amended O&M Agreement and the interim financing agreement the District has with the New Peoples Bank. Staff's Final Joint Staff Memorandum filed February 26, 2002.

CONCLUSIONS OF LAW

1. The Commission concludes that the proposed line extensions in the Brooks/Barksdale area of Summers County and Pisgah Road area of Mercer County, more specifically described above, are in the public interest and convenience. See Sexton v. Public Service Commission, 188 W.Va. 305, 423 S.E.2d 914 (1992).

2. The Commission concludes it is reasonable to waive the hearing since the notice has expired without any protest being filed and grant a certificate of convenience and necessity pursuant to W. Va.Code § 24-2-11 to the District and Water Company.

3. The Commission concludes that it is reasonable to approve the financing of the project, which is more specifically described above, pursuant to W. Va. Code §§ 24-2-11 and 16-13A-25.

4. The Commission concludes that pursuant to W. Va. Code § 24-2-12 and Rule 10.4 of the Commission's Rules of Practice and Procedure it is reasonable to approve the third amendment to the O&M Agreement in order to make the Water Company's use fee obligations commensurate with the term of the District's bonds to be issued as security for the Phase IIIA loan without specifically approving the terms of the third amendment.

5. The Commission concludes that it is reasonable to approve, pursuant to W. Va. Code § 16-13A-25, the interim financing arrangement between the District and the New Peoples Bank as more specifically described above.

ORDER

IT IS, THEREFORE, ORDERED that a certificate of convenience and necessity is granted to the West Virginia-American Water Company and the Oakvale Road Public Service District to construct line extensions in the Brooks/Barksdale area of Summers County and Pisgah Road area of Mercer County, as more specifically described above.

IT IS FURTHER ORDERED that the financing of the project, which is more specifically described above, is approved.

IT IS FURTHER ORDERED that the third amendment to the O&M Agreement, which is more specifically described above, is approved without specifically approving the terms therein.

IT IS FURTHER ORDERED that the interim financing arrangement between the Oakvale Road Public Service District and the New Peoples Bank, which is more specifically described above, is approved.

IT IS FURTHER ORDERED that if there is any change in the plans, scope or financing of the project, the Oakvale Road Public Service District and the West Virginia-American Water Company shall file a petition to reopen this proceeding with the Commission requesting approval of such change(s).

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

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

LJA/ljm
011624c.wpd

A True Copy, Teste:

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 31st day of May, 2002.

CASE NO. 01-1624-PWD-CN

WEST VIRGINIA-AMERICAN WATER COMPANY; OAKVALE ROAD PUBLIC SERVICE DISTRICT; THE COUNTY COMMISSION OF MERCER COUNTY; THE COUNTY COMMISSION OF SUMMERS COUNTY; THE CITY OF HINTON; AND THE CITY OF PRINCETON.

Application for Certificate of Convenience and Necessity to Construct Line Extensions in the Brooks/Barksdale Area of Summers County and the Pisgah Road Area of Mercer County.

COMMISSION CORRECTIVE ORDER

This case is before the Commission on a petition for corrective order, filed by the West Virginia-American Water Company (Company) and Oakvale Road Public Service District (District), to correct inaccuracies in the Commission's Order issued March 13, 2002. By this Order, the Commission corrects those errors.

Background

By Order issued March 13, 2002, the Commission granted a Joint Petition filed by the Company and the District in which the District sought a certificate of convenience and necessity to construct line extensions in the Brooks/Barksdale area of Summers County and Pisgah Road area of Mercer County; approved financing for the project; approved the third amendment to an O&M Agreement described in the Order, without specifically

approving the terms therein; and approved an interim financing arrangement between the District and the New Peoples Bank.

On April 4, 2002, the Company and the District filed a petition for modification of the March 13, 2002, Order. The Company and the District noted the following errors:

(1) The March 13, 2002, order erroneously granted a certificate of convenience and necessity to both the Company and the District when the District alone sought the certificate. The Company explained that it is participating in the project as the District's private partner.

(2) The background section of the order mistakenly recited a use fee as an amount not to exceed $600,000, when in fact the use fee was to be an amount not to exceed $660,000. The petitioners note that their Joint Petition had stated the $660,000 amount.

(3) The third paragraph of page two of the order, where the Commission noted that the District's funding commitments for Phase III-A include "the application of an as-yet applied use fee from the Company[,]" should have stated "as-yet unapplied portion." The petitioners note that the Joint Petition included the latter.

On April 4, 2002, Commission Staff filed its Initial and Final Joint Staff Memorandum in response to the above described request for modification. Staff recommended that because the requested modifications are to correct clerical and typographical errors, the Commission should issue a corrective order rather than reopen this matter.

DISCUSSION

The March 13, 2002, Order should be corrected as follows:

(1) Conclusion of Law 2 and the first ordering paragraph shall be corrected to grant the certificate of convenience and necessity to the District only, and not to the Company.

(2) The second paragraph on page 2 shall be corrected to state that the use fee to be paid by the Company to the District is an amount not to exceed $660,000, instead of $600,000.

(3) The third paragraph of page 2 shall be corrected to "as-yet unapplied portion of the use fee" instead of "as-yet applied use fee."

Public Service Commission
of West Virginia
Charleston

FINDINGS OF FACT

1. The Company and the District seek correction of certain clerical and typographical errors in the Commission's March 13, 2002, Order in this proceeding.

2. Staff recommends that the Commission issue a corrective order to address the errors.

CONCLUSION OF LAW

The March 13, 2002, Order should be corrected as set forth below.

ORDER

IT IS THEREFORE ORDERED that the March 13, 2002, Commission Order issued in this proceeding is hereby corrected as follows:

(1) Conclusion of Law 2 and the first ordering paragraph are hereby corrected to grant the certificate of convenience and necessity to the District only, and not to the Company.

(2) The second paragraph on page 2 is hereby corrected to state that the use fee to be paid by the Company to the District is an amount not to exceed $660,000, not $600,000.

(3) The third paragraph of page 2 is hereby corrected to "as-yet unapplied portion of the use fee" instead of "as-yet applied use fee."

IT IS FURTHER ORDERED that except as corrected herein, the March 13, 2002, Order remains in full force and effect.

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

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

JML/ljm
011624ca.wpd

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

West Virginia Infrastructure & Jobs Development Council

Public Members:
Russell L. Isaacs, Chairman
Cottageville
Dwight Calhoun
Petersburg
William P. Stafford, II, Esq.
Princeton

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

Katy Mallory, PE
Executive Secretary
KMallory@ezwv.com

RECEIVED
OCT 0 8 2001
Stafford Consultants

October 3, 2001

Mr. Richard Nowlin, Secretary
Oakvale Road Public Service District
P.O. Box 1061
Princeton, WV 24740

Re: Oakvale Road Public Service District
Water Project 98W-393
Project 2001W-623

Dear Mr. Nowlin:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer of an Infrastructure Fund loan of approximately $558,620 (the "Loan") to the Oakvale Road Public Service District (the "District") for above referenced water project serving the Brooks/Barksdale area. (Project). The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amount will be established after the District has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan upon the District's compliance with the program requirements. The Loan agreement will be between the District and the West Virginia Water Development Authority (Authority), acting on behalf of the Infrastructure Council.

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

a. Submit Plans and Specifications to the Bureau for Public Health by November 1, 2001
b. File Certificate Case with the Public Service Commission no later than November 5, 2001
c. Advertise for bids no later than February 15, 2002
(The District must receive authority from the Infrastructure Council before bidding the project.)

The Infrastructure Council reserves the right to withdraw this Loan commitment if any of the above schedule dates are not met. The Infrastructure Council may, when justifiable circumstances occur, offer to

modify the schedule. Any decision to modify the schedule is at the sole discretion of the Infrastructure Council.

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

The Authority will enter into Loan agreement with the District following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing construction of the Project, evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; and any other documents requested by the Infrastructure Council.

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

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

Sincerely,

Russell L. Isaacs

RLI/km
cc: Samme Gee, Esq., Jackson & Kelly
Region I Planning & Development Council
Edward L. Shutt, P.E., Stafford Consultants, Inc. ✓

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

Oakvale Road Public Service District

By:_____

Its: _____

Date:_____

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Oakvale Road PSD
Water Project 98W-393
Phase IIIA
October 3, 2001

SCHEDULE A

A. Approximate Amount: $558,620 Loan

B. Loan: $558,6200

1.	Maturity Date:	40 years from date of closing.
2.	Interest Rate:	0%
3.	Loan Advancement Date(s)	Monthly, upon receipt of proper requisition
4.	Debt Service Commencement:	The first quarter following completion of construction, which date must be identified prior to closing.
5.	Special Conditions:	None

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

C. Other Funding

Small Cities Block Grant	$1,500,000
Governor's contingency	$1,123,000
ARC grant	$ 500,000
WVAWC	$ 89,500

D. Total Project Cost: $3,036,120

Project Schedule

Project: Pisgah Road/Brooks/Barksdale
County: Mercer/Summers
Project Number: 98W-393
Phase III-A

IJDC loan	$ 558,620
SCBG	$ 765,000
Governor's Contingency	$1,123,000
ARC grant	$ 500,000
WVAWC	$ 89,500
Total:	$3,036,120

Action	Responsible Party	Start	Completion
Engineering Agreement	SCI/SCC	12/01/00	Complete
Prepare & Submit Plans & Specs to BPH	SCI/OVRPSD	03/01/01	11/01/01
Plans & Specs. Review & Approval	BPH	11/05/01	12/15/01
Prepare & Submit Permit Applications	SCI/OVRPSD	09/15/01	12/15/01
Prepare Rule 42	N/A	N/A	N/A
Pre-file w/PSC (PSD only)	WVAWC/OVRPSD	10/10/01	10/30/01
File Certificate Case with PSC	WVAWC/OVRPSD		11/5/01
Review & Approve PSC Certificate	PSC	11/10/01	02/28/02
Rights-of-way, Easements & Land Acquisition 4 months	WVAWC/OVRPSD/ SCI	08/01/01	12/01/01
Authority to Advertise	WVIJDC/OVRPSD/WVDO		01/07/02
Advertise for Bids 30 days	OVRPSD	01/07/02	02/15/02
Bid Opening 90 days	OVRPSD/SCI		02/15/02
Loan Closing	OVRPSD/WVIJDC		05/15/02
Start Construction	Contractors	May 02	May 03
Complete User Sign Ups	OVRPSD	06/01/01	09/30/01
Environmental Clearance	Region 1	06/01/01	10/15/01
PSD Boundary Adjustment	SCI/OVRPSD/WVAWC/SCC /MCC/PSC	08/15/01	10/11/01

BPH = Bureau Public Health
MCC = Mercer County Commission
OVRPSD = Oakvale Road PSD
PSC = Public Service Commission
SCC = Summers County Commission
SCI = Stafford Consultants
WVAWC = WV American Water Company
WVDO = WV Development Office
WVIJDC = Infrastructure Council

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

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

1. On the 4th day of June, 2002, the Authority received the Oakvale Road Public Service District Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), issued in the principal amount of $558,620, as a single, fully registered Bond, numbered AR-1 and dated June 4, 2002 (the "Bonds").

2. At the time of such receipt, the 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 Bonds, of $14,400, being a portion of the principal amount of the Series 2002 A Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer by the Authority and the Council as acquisition and construction of the Project progresses.

WITNESS our respective signatures on this 4th day of June, 2002

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Chairman

05/20/02
667990.00001

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Branch Banking and Trust Company
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Oakvale Road Public Service District Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), in the principal amount of $558,620, dated June 4, 2002 (the "Bonds"), executed by the Chairman and Secretary of Oakvale Road Public Service District (the "Issuer"), and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution and a Supplemental Resolution, both duly adopted by the Issuer on May 29, 2002 (the "Bond Legislation");

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

(3) Executed counterparts of the loan agreement dated June 4, 2002, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Loan Agreement");

(4) A copy of the executed Agreement dated May 29, 2002, by and between the Issuer and West Virginia-American Water Company;

(5) A copy of the executed Letter of Credit issued June 4, 2002, in the stated amount of $27,931 by Branch Banking and Trust Company, Charleston, West Virginia; and

(6) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of $14,400 representing a portion of the principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause

the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated this 4th day of June, 2002.

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Chairman

05/28/02
667990.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OAKVALE ROAD PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2002 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $558,620

KNOW ALL MEN BY THESE PRESENTS: That OAKVALE ROAD PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Mercer and Summers Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of FIVE HUNDRED FIFTY EIGHT THOUSAND SIX HUNDRED TWENTY DOLLARS ($558,620), 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, 2002, as set forth on the "Schedule of Annual Debt Service" 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 June 4, 2002.

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 facilities 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 facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16,

Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), a Bond Resolution duly adopted by the Issuer on May 29, 2002, and a Supplemental Resolution duly adopted by the Issuer on May 29, 2002 (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 (i) WATER REVENUE BONDS, SERIES 1996 (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 4, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,700,000, (ii) WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED APRIL 23, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,268,489 AND (iii) THE WATER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED NOVEMBER 4, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $731,511 (COLLECTIVELY THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, 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, 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 Prior Bonds. 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 Branch Banking and Trust Company (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, OAKVALE ROAD 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 June 4, 2002.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

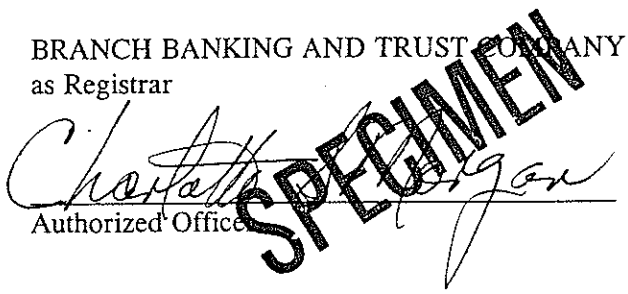
SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 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: June 4, 2002.

BRANCH BANKING AND TRUST COMPANY,
as Registrar



Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$14,400	June 4, 2002	(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 $_____

Oakvale Public Service District (West Virginia)

Loan of $558,620
40 Years, 0% Interest Rate
Closing Date: June 4, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2002	3,491.38	-	3,491.38
12/01/2002	3,491.38	-	3,491.38
3/01/2003	3,491.38	-	3,491.38
6/01/2003	3,491.38	-	3,491.38
9/01/2003	3,491.38	-	3,491.38
12/01/2003	3,491.38	-	3,491.38
3/01/2004	3,491.38	-	3,491.38
6/01/2004	3,491.38	-	3,491.38
9/01/2004	3,491.38	-	3,491.38
12/01/2004	3,491.38	-	3,491.38
3/01/2005	3,491.38	-	3,491.38
6/01/2005	3,491.38	-	3,491.38
9/01/2005	3,491.38	-	3,491.38
12/01/2005	3,491.38	-	3,491.38
3/01/2006	3,491.38	-	3,491.38
6/01/2006	3,491.38	-	3,491.38
9/01/2006	3,491.38	-	3,491.38
12/01/2006	3,491.38	-	3,491.38
3/01/2007	3,491.38	-	3,491.38
6/01/2007	3,491.38	-	3,491.38
9/01/2007	3,491.38	-	3,491.38
12/01/2007	3,491.38	-	3,491.38
3/01/2008	3,491.38	-	3,491.38
6/01/2008	3,491.38	-	3,491.38
9/01/2008	3,491.38	-	3,491.38
12/01/2008	3,491.38	-	3,491.38
3/01/2009	3,491.38	-	3,491.38
6/01/2009	3,491.38	-	3,491.38
9/01/2009	3,491.38	-	3,491.38
12/01/2009	3,491.38	-	3,491.38
3/01/2010	3,491.38	-	3,491.38
6/01/2010	3,491.38	-	3,491.38
9/01/2010	3,491.38	-	3,491.38
12/01/2010	3,491.38	-	3,491.38
3/01/2011	3,491.38	-	3,491.38
6/01/2011	3,491.38	-	3,491.38
9/01/2011	3,491.38	-	3,491.38
12/01/2011	3,491.38	-	3,491.38
3/01/2012	3,491.38	-	3,491.38
6/01/2012	3,491.38	-	3,491.38
9/01/2012	3,491.38	-	3,491.38
12/01/2012	3,491.38	-	3,491.38
3/01/2013	3,491.38	-	3,491.38
6/01/2013	3,491.38	-	3,491.38
9/01/2013	3,491.38	-	3,491.38
12/01/2013	3,491.38	-	3,491.38
3/01/2014	3,491.38	-	3,491.38

Oakvale Public Service District (West Virginia)

Loan of $558,620
40 Years, 0% Interest Rate
Closing Date: June 4, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2014	3,491.38	-	3,491.38
9/01/2014	3,491.38	-	3,491.38
12/01/2014	3,491.38	-	3,491.38
3/01/2015	3,491.38	-	3,491.38
6/01/2015	3,491.38	-	3,491.38
9/01/2015	3,491.38	-	3,491.38
12/01/2015	3,491.38	-	3,491.38
3/01/2016	3,491.38	-	3,491.38
6/01/2016	3,491.38	-	3,491.38
9/01/2016	3,491.38	-	3,491.38
12/01/2016	3,491.38	-	3,491.38
3/01/2017	3,491.38	-	3,491.38
6/01/2017	3,491.38	-	3,491.38
9/01/2017	3,491.38	-	3,491.38
12/01/2017	3,491.38	-	3,491.38
3/01/2018	3,491.38	-	3,491.38
6/01/2018	3,491.38	-	3,491.38
9/01/2018	3,491.38	-	3,491.38
12/01/2018	3,491.38	-	3,491.38
3/01/2019	3,491.38	-	3,491.38
6/01/2019	3,491.38	-	3,491.38
9/01/2019	3,491.38	-	3,491.38
12/01/2019	3,491.38	-	3,491.38
3/01/2020	3,491.38	-	3,491.38
6/01/2020	3,491.38	-	3,491.38
9/01/2020	3,491.38	-	3,491.38
12/01/2020	3,491.38	-	3,491.38
3/01/2021	3,491.38	-	3,491.38
6/01/2021	3,491.38	-	3,491.38
9/01/2021	3,491.38	-	3,491.38
12/01/2021	3,491.38	-	3,491.38
3/01/2022	3,491.38	-	3,491.38
6/01/2022	3,491.38	-	3,491.38
9/01/2022	3,491.37	-	3,491.37
12/01/2022	3,491.37	-	3,491.37
3/01/2023	3,491.37	-	3,491.37
6/01/2023	3,491.37	-	3,491.37
9/01/2023	3,491.37	-	3,491.37
12/01/2023	3,491.37	-	3,491.37
3/01/2024	3,491.37	-	3,491.37
6/01/2024	3,491.37	-	3,491.37
9/01/2024	3,491.37	-	3,491.37
12/01/2024	3,491.37	-	3,491.37
3/01/2025	3,491.37	-	3,491.37
6/01/2025	3,491.37	-	3,491.37
9/01/2025	3,491.37	-	3,491.37
12/01/2025	3,491.37	-	3,491.37

Oakvale Public Service District (West Virginia)

Loan of $558,620
40 Years, 0% Interest Rate
Closing Date: June 4, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2026	3,491.37	-	3,491.37
6/01/2026	3,491.37	-	3,491.37
9/01/2026	3,491.37	-	3,491.37
12/01/2026	3,491.37	-	3,491.37
3/01/2027	3,491.37	-	3,491.37
6/01/2027	3,491.37	-	3,491.37
9/01/2027	3,491.37	-	3,491.37
12/01/2027	3,491.37	-	3,491.37
3/01/2028	3,491.37	-	3,491.37
6/01/2028	3,491.37	-	3,491.37
9/01/2028	3,491.37	-	3,491.37
12/01/2028	3,491.37	-	3,491.37
3/01/2029	3,491.37	-	3,491.37
6/01/2029	3,491.37	-	3,491.37
9/01/2029	3,491.37	-	3,491.37
12/01/2029	3,491.37	-	3,491.37
3/01/2030	3,491.37	-	3,491.37
6/01/2030	3,491.37	-	3,491.37
9/01/2030	3,491.37	-	3,491.37
12/01/2030	3,491.37	-	3,491.37
3/01/2031	3,491.37	-	3,491.37
6/01/2031	3,491.37	-	3,491.37
9/01/2031	3,491.37	-	3,491.37
12/01/2031	3,491.37	-	3,491.37
3/01/2032	3,491.37	-	3,491.37
6/01/2032	3,491.37	-	3,491.37
9/01/2032	3,491.37	-	3,491.37
12/01/2032	3,491.37	-	3,491.37
3/01/2033	3,491.37	-	3,491.37
6/01/2033	3,491.37	-	3,491.37
9/01/2033	3,491.37	-	3,491.37
12/01/2033	3,491.37	-	3,491.37
3/01/2034	3,491.37	-	3,491.37
6/01/2034	3,491.37	-	3,491.37
9/01/2034	3,491.37	-	3,491.37
12/01/2034	3,491.37	-	3,491.37
3/01/2035	3,491.37	-	3,491.37
6/01/2035	3,491.37	-	3,491.37
9/01/2035	3,491.37	-	3,491.37
12/01/2035	3,491.37	-	3,491.37
3/01/2036	3,491.37	-	3,491.37
6/01/2036	3,491.37	-	3,491.37
9/01/2036	3,491.37	-	3,491.37
12/01/2036	3,491.37	-	3,491.37
3/01/2037	3,491.37	-	3,491.37
6/01/2037	3,491.37	-	3,491.37
9/01/2037	3,491.37	-	3,491.37

Oakvale Public Service District (West Virginia)

Loan of $558,620
40 Years, 0% Interest Rate
Closing Date: June 4, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2037	3,491.37	-	3,491.37
3/01/2038	3,491.37	-	3,491.37
6/01/2038	3,491.37	-	3,491.37
9/01/2038	3,491.37	-	3,491.37
12/01/2038	3,491.37	-	3,491.37
3/01/2039	3,491.37	-	3,491.37
6/01/2039	3,491.37	-	3,491.37
9/01/2039	3,491.37	-	3,491.37
12/01/2039	3,491.37	-	3,491.37
3/01/2040	3,491.37	-	3,491.37
6/01/2040	3,491.37	-	3,491.37
9/01/2040	3,491.37	-	3,491.37
12/01/2040	3,491.37	-	3,491.37
3/01/2041	3,491.37	-	3,491.37
6/01/2041	3,491.37	-	3,491.37
9/01/2041	3,491.37	-	3,491.37
12/01/2041	3,491.37	-	3,491.37
3/01/2042	3,491.37	-	3,491.37
6/01/2042	3,491.37	-	3,491.37
Total	**558,620.00**	**-**	**558,620.00**

YIELD STATISTICS

Bond Year Dollars	$11,237.56
Average Life	20.117 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.22E-10
Bond Yield for Arbitrage Purposes	1.22E-10
All Inclusive Cost (AIC)	1.22E-10

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	20.117 Years

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:

_____

5/28/02
667990.00001

to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined an executed Letter of Credit issued June 4, 2002, in the stated amount of $27,931 by Branch Banking and Trust Company, Charleston, West Virginia.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on May 29, 2002, as supplemented by a Supplemental Resolution duly adopted by the Issuer on May 29, 2002 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

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

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund) and Water Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund) 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, if any, thereon is or will be excluded from 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 AR-1 and in our opinion the form of said bond and its execution and authentication is regular and proper.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

05/29/02
667990.00001

CH527316.1

LAW OFFICES
WILLIAM S. WINFREY, II
1608 MAIN STREET WEST
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TELEPHONE
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TELECOPIER
304-425-7340

FILE NO.

June 4, 2002

01-022

Oakvale Road Public Service District
Water Revenue Bonds, Series 2002 A
(West Virginia Infrastructure Fund)

Oakvale Road Public Service District
Princeton, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Clarksburg, West Virginia

Ladies and Gentlemen:

I am counsel to Oakvale Road Public Service District, a public service district in Mercer and Summers Counties, West Virginia (the "Issuer"). As such counsel, I have examined a copy of the approving opinion of Steptoe & Johnson, PLLC, as bond counsel, the loan agreement for the Bonds, dated June 4, 2002, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), the Bond Resolution duly adopted by the Issuer on May 29, 2002, the Supplemental Resolution duly adopted by the Issuer on May 29, 2002 (collectively, the "Bond Legislation"), the Agreement dated May 8, 1995, by and between the Issuer and West Virginia-American Water Company, including all amendments (collectively, the "Agreement"), the Letter of Credit dated June 4, 2002, in the stated amount of $27,931, from Branch Banking and Trust Company, Charleston, West Virginia, 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 Mercer 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:

i. 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.

ii. 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.

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

iv. 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.

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

vi. 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.

vii. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from The County Commission of Mercer County, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on March 13, 2002, and the Commission's corrective order dated May 31, 2002, in Case No. 01-1624-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The Issuer has received the Final Orders of the Public Service Commission entered October 28, 1994 and February 5, 1996, in Case No. 94-0098-W-PWD-PC-CN approving the rates and charges for the system. The time for appeal of all such Orders has expired prior to the date hereof.

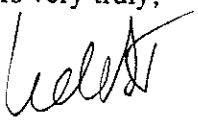
viii. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

ix. 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.

x. 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 policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan 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.

Yours very truly,



William S. Winfrey, II

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FILE NO.

June 4, 2002

01-022

Katy Mallory, P.E.
West Virginia Infrastructure and Jobs Development Council
300 Summers Street, Suite 980
Charleston, WV 25301

West Virginia Water Development Authority
Charleston, WV 25301

RE: Oakvale Road Public Service District
Phase IIIa
Mercer and Summers Counties, West Virginia

Dear Katy :

This firm represents Oakvale Road Public Service District with regard to a proposed project to construct water line extensions, water storage facilties and related equipment and fixtures in the areas of Brooks and Barksdale in Summers County and the Pisgah Road area in Mercer and Summers Counties (the "Project"), and provides this final title opinion on behalf of Oakvale Road Public Service District to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") with regard to the Infrastructure Fund financing proposed for the Project. Please be advised of the following:

1. That I am of the opinion that the Oakvale Road Public Service District is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia and has the full power and authority to construct, operate and maintain the Project as approved by the County Commissions of Mercer and Summers Counties, West Virginia.

2. That the Oakvale Road Public Service District has obtained approval for all necessary permits and approvals for the construction of the Project and the Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia.

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

Consultants, Inc., the consulting engineers for the Project.

4. That I have examined the records on file in the Office(s) of the Clerk of the County Commission of Mercer County and Summers County, West Virginia, the county(ies) in which the Project is to be located, and, in my opinion, the Oakvale Road Public Service District has acquired legal title or such other estate or interests in the necessary site components for the Project sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimate life of the facilities to be constructed, except for the following:

An easement from Randall Cecil, which is being acquired by eminent domain.

The following listed properties are being acquired by eminent domain and the necessary filing has been made in the Office(s) of the Clerk of the County Commission of Summers County, West Virginia to permit the Oakvale Road Public Service District a right-of-entry for the purpose of construction, operation and maintenance of the subject facilities on the subject properties. The Oakvale Road Public Service District's title thereto is defeasible in the event the Oakvale Road Public Service District does not satisfy any resulting judgment and/or award in the proceedings for acquisition of said properties, and our certification is subject to the pending litigation:

An easement from Randall Cecil.

5. That all deeds or other documents which have been acquired to date by the Oakvale Road Public Service District have been duly recorded in the aforesaid Clerk's Office(s) in order to protect the legal title to and interest of the Oakvale Road Public Service District.

Sincerely,

William S. Winfrey, II

WSW,II/gmt
cc: Oakvale Road Public Service District
Stafford Consultants, Inc
Region I PDC

JACKSON & KELLY PLLC

ATTORNEYS AT LAW

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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

1099 18TH STREET
DENVER, COLORADO 80202
TELEPHONE 303-390-0003

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40588
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

June 4, 2002

West Virginia-American Water Company
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Oakvale Road Public Service District
Princeton, West Virginia

Steptoe & Johnson PLLC
Clarksburg, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Re: Oakvale Road Public Service District
Water Revenue Bonds, Series 2002 A
(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 May 8, 1995, by and between Oakvale Road Public Service District (the "Issuer") and the Company, as amended (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 and interest on the above-captioned Bonds (the "Bonds"), and (2) the issuance by Branch Banking and Trust Company (the "Bank"), of its Letter of Credit dated June 3, 2002 (the "Letter of Credit"), in the amount of $27,931 for the account of the Issuer, relating to the payment of the Bonds. The Bonds are being issued by the Issuer under Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on May 29, 2002, as supplemented by the Supplemental Resolution duly adopted by the Issuer on May 29, 2002 (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"); and (ii) paying certain costs of issuance 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 dated June 4, 2002. 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 Authority, the beneficiary of the Letter of Credit, in the event Net Revenues are insufficient or unavailable to pay any installment of principal of or interest on, if any, the Bonds when due. The Company has entered into an Application and Agreement for Standby Letter of Credit with the Bank dated June 3, 2002 (the "LOC Agreement"), and has executed a Note and Security Agreement dated June 3, 2002 (the "Note"), in favor of the Bank.

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 Letter of Credit, the LOC Agreement, the Note 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.

Very truly yours,

Jackson & Kelly PLLC

JACKSON & KELLY PLLC

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS AND AGREEMENT
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES
12. PUBLIC SERVICE COMMISSION ORDER
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION OF NOTICE OF BORROWING
16. SPECIMEN BOND
17. CONFLICT OF INTEREST
18. PROCUREMENT OF ENGINEERING SERVICE
19. LETTER OF CREDIT
20. COUNTERPART SIGNATURES

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Oakvale Road Public Service District in Mercer and Summers Counties, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, hereby certify in connection with the $558,620 Oakvale Road Public Service District Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds" or the "Series 2002 A 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 May 29, 2002, and a Supplemental Resolution of the Issuer duly adopted May 29, 2002 (collectively, the "Bond Legislation"), when used herein.

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds or the Agreement, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other monies 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 2002 A Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), dated December 4, 1996, issued in the original aggregate principal amount of $12,700,000, the Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), dated April 23, 1999, issued in the original aggregate principal amount of $1,268,489 and the Water Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), dated November 4, 1999, issued in the original aggregate principal amount of $731,511 (collectively, the "Prior Bonds").

The Issuer is in compliance with the covenants of the Prior Bonds, and the Series 2002 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained the written consent of the Holders of the Prior Bonds to the issuance of the Series 2002 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

The 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

Loan Agreement

Public Service Commission Order

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

1996 Bond Resolution and Supplemental Resolution

1999 A Bond Resolution and Supplemental Resolution

1999 B Bond Resolution and Supplemental Resolution

Consent of 1996, 1999 A and 1999 B Bondholder

Agreement between Issuer and Company, with amendments

Letter of Credit and Related Documents

Evidence of Insurance

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Oakvale Road Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Mercer 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
Hillis Warren	June 1, 1996	June 1, 2002
Richard Nowlin	January 1, 2002	June 1, 2007
Sonny Elmore	June 1, 2001	June 1, 2007

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	-	Hillis Warren
Secretary	-	Richard Nowlin
Treasurer	-	Sonny Elmore

The duly appointed and acting counsel to Issuer is William S. Winfrey, II, of Princeton, 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 October 28, 1994 and February 5, 1996, in Case No. 94-0098-W-PWD-PC-CN, approving the rates and charges for the services of the System and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Orders has expired prior to the date hereof without any appeal.

12. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on March 13, 2002 in Case No. 01-1624-PWD-CN and the Commission's Corrective Order dated May 31, 2002, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of all such Orders has expired prior to the date hereof.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, 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 $14,400 from the Council and the Authority, being a portion of the principal amount of the Bonds and more than a de minimis amount of the proceeds of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

15. PUBLICATION OF NOTICE OF 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 BOND: Delivered concurrently herewith is a true and accurate specimen of the Bond.

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

19. LETTER OF CREDIT: On the date hereof, upon the delivery of the Bonds, the Letter of Credit shall be delivered to the Commission to fund the Series 2002 A Bonds Reserve Account.

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

WITNESS our signatures and the official seal of OAKVALE ROAD PUBLIC SERVICE DISTRICT on this 4th day of June, 2002.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
Willis Warren	Chairman
Richard B Mowlin	Secretary
	Counsel to Issuer

05/28/02
667990.00001

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF
WEST VIRGINIA-AMERICAN WATER COMPANY ON:

1. INCUMBENCY AND SIGNATURES
2. DUE INCORPORATION AND GOOD STANDING
3. CERTIFICATION OF COPIES OF DOCUMENTS
4. AUTHORIZATION FOR EXECUTION AND DELIVERY OF DOCUMENTS
5. EXECUTION, DELIVERY AND VALIDITY OF AGREEMENT
6. NO LITIGATION
7. AGREEMENTS AND OBLIGATIONS
8. NO CHANGE IN CONDITION
9. LETTER OF CREDIT

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 May 8, 1995, by and between Oakvale Road Public Service District (the "Issuer") and the Company, as amended (collectively, the "Agreement"), whereby the Company has agreed to make certain payments to the Issuer to permit the Issuer to pay when due, the principal of and interest, if any, on its $558,620 aggregate principal amount of Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund) (the "Bonds"), to be issued to West Virginia Water Development Authority (the "Authority"), pursuant to a Bond Resolution of the Issuer adopted May 29, 2002, as supplemented by a Supplemental Resolution of the Issuer adopted May 29, 2002 (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:

Agreement between Issuer and Company.

Letter of Credit and Related Documents.

4. AUTHORIZATION FOR EXECUTION AND DELIVERY OF DOCUMENTS: The Company has full and all requisite right, power and authority to own and operate its properties, to carry on its business as now conducted, to execute, deliver and carry out and perform the terms, obligations and conditions set forth in the Documents.

5. EXECUTION, DELIVERY AND VALIDITY OF AGREEMENT. The Agreement has been duly authorized, executed and delivered by the Company and on its behalf by duly chosen, qualified and acting officers of the Company, has not been altered, modified or otherwise amended and is in full force and effect as of the date hereof. The Agreement constitutes a valid and legally binding agreement and obligation of the Company enforceable in accordance with its terms, except (i) as the same shall be subject to limitations upon the right to obtain judicial orders requiring specific performance or granting injunctive relief, (ii) as may be limited by the laws of bankruptcy, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally, and (iii) as enforceability of indemnity provisions contained therein may be limited under applicable laws or may be against public policy. The execution and delivery of the Agreement by the Company and the compliance with the provisions thereof will not conflict with, result in a breach of the terms, conditions or provisions of or constitute a default under, or result in the creation or any imposition of any lien, charge or encumbrance upon any of the property or assets of the Company pursuant to, the Articles of Incorporation or By-laws of the Company or the terms of any indenture, mortgage, deed of trust, loan agreement, undertaking or other agreement, document or instrument to which the Company is a party or bound or to which any of the property or assets of the Company are subject, nor will such action conflict with, result in a material breach of, constitute a default under or result in a violation of any statute, law, ordinance, judgment, ruling, decree, order, rule or regulation to which the Company is subject or to which any of its properties are subject or which is applicable to the transactions described herein; and no consent, certificate, approval, authorization, order, registration, exemption or qualification of or with any court or any regulatory authority or any governmental authority or body is required for the execution and delivery of the Agreement by the Company or in connection with the Project, the Agreement or the transactions contemplated thereby, except those already obtained.

6. NO LITIGATION: No litigation, proceeding, suit, inquiry, action or investigation at law or in equity is pending or, to the knowledge of the undersigned, threatened (or is there any basis therefor), against or affecting the Company in or before or by any court, public board or administrative body, which would restrain or enjoin the execution or delivery of the Documents or the performance of any obligations of the Company contained therein or matters in connection therewith, or in any way contesting or affecting the Documents, or attempting to limit, restrain, enjoin or prevent the Company from functioning and making the payments required thereunder, or which questions the validity of the Documents or any documents or the transactions contemplated thereby, or contesting the corporate existence of the Company, or wherein an unfavorable decision, ruling or finding would have a material adverse effect upon the financial condition of the Company, the validity or enforceability of the Documents, the Company's ability to perform its obligations under the Documents or the corporate existence or powers of the Company. There is no action or proceeding pending or threatened that would liquidate or dissolve the Company.

7. AGREEMENTS AND OBLIGATIONS: All agreements, covenants, arrangements and conditions to be complied with or satisfied and all obligations to be performed by the Company pursuant to or in connection with the Documents or the transactions contemplated thereby on or prior to the date of such documents have been complied with, satisfied and performed and there are no defaults or events of default under the Documents or such documents which have occurred and are continuing.

8. NO CHANGE IN CONDITION: There have been no undisclosed material adverse changes in the financial condition of the Company since the offer by the Authority to purchase the Bonds.

9. LETTER OF CREDIT: The Company has obtained and will maintain a letter of credit, including all extensions thereof, or renewal or replacement letters of credit, to fund the Series 2002 A Bonds Reserve Account, for the life of the Bonds, unless such requirement is waived by the Council. Without limiting the generality of the foregoing, the Company further agrees to promptly pay all fees and expenses in connection with the Letter of Credit, which payments shall be in addition to any other financial obligations of the Company with respect to the Bonds or otherwise to the Issuer.

IN WITNESS WHEREOF, I have hereunto set my hand on this 4th day of June, 2002.

WEST VIRGINIA-AMERICAN WATER COMPANY

Michael A. Miller
Vice President

ATTEST:

Asst Nancy M Stuthard
Secretary

STAFFORD
CONSULTANTS
INCORPORATED
Engineering, Design, and Consulting

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER (R-2)

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, Princeton, West Virginia, hereby certify as follows:

1. Stafford Consultants, Incorporated is engineer for the acquisition and construction of certain improvements and extensions to the existing public waterworks facilities (the "Project") of Oakvale Road Public Service District (the "Issuer") under construction and to be constructed in Summers and Mercer Counties, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (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 May 29, 2002, and the Loan Agreement dated June 4, 2002, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council").

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

3. To the best of 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 West Virginia Bureau for Public Health ("BPH") pursuant to the Offices of Environmental Health Services Permits listed in EXHIBIT A, attached hereto, and any change orders approved by the Issuer, the Council, the BPH 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 maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as EXHIBIT 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 and set forth in the Office of Environmental Health Services Permits listed in EXHIBIT A, attached hereto, and the

1105 Mercer Street • Post Office Box 5849 • Princeton, West Virginia 24740
Telephone (304) 425-9555 • Fax (304) 425-9557

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 Permit No. WV0115100
c. West Virginia Division of Highways Permits listed in EXHIBIT A, attached hereto, and
d. The order of the Public Service Commission of West Virginia entered on March 13, 2002, in Case No. 01-1624-PWD-CN 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 BPH and the Council; and (x) attached hereto as EXHIBIT B is the final amended "Schedule B – Total Cost of Project and Sources of Funds and Cost of Financing" for the Project.

WITNESS our signatures and seals on this 4th day of June 2002.

STAFFORD CONSULTANTS, INCORPORATED

[SEAL]

Jack D. Stafford, P.E.
West Virginia License No. 6753

[SEAL]

Edward L. Shutt, P.E.
West Virginia License No. 7314

Attachments

EXHIBIT A

Oakvale Road Public Service District
Permits – Contracts 1, 2, 3 and 4
Phase IIIA

1. Contract No. 1 – West Virginia Division of Highways - Permit No. 09-01-0498.
2. Contract No. 3 – West Virginia Division of Highways - Permit No. 09-01-0512.
3. Contract Nos. 1, 2, 3 and 4 – Bureau of Public Health - Permit No. 15,074.
4. Contract Nos. 1, 2, 3 and 4 – West Virginia Department of Environmental Protection - WV/NPDES Permit No. WV0115100.
5. Contract No. 3 – Division of Natural Resources Public Land Corporation - Pipeline Agreement P-01-IV/45-1724
6. Contract No. 3 – Corps of Engineers - Nationwide Permit #12 (NWP 12)
7. Contract No. 3 – CSX – Agreement No. 042769

EXHIBIT B

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL
SCHEDULE B
Oakvale Road PSD
Mercer/Summers Phase IIIA Water Project (IJDC Project #98W-393)
FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS, AND COST OF FINANCING

A. Cost of Project	Total	USDA LOAN	SCIG	ARC	USDA GRNT	PVAWC
1. CONSTRUCTION (Based on actual bids)	$2,145,470.50	$439,969.00	$447,424.00	$432,641.50	$775,936.00	$49,500.00
1a. Construction Contingency	$348,336.50	$104,251.00			$244,085.50	
1b. Allegheny Power	$8,000.00		$8,000.00			
1c. WVAWC Telemetry - Pisgah Road	$40,000.00					$40,000.00
2. Technical Services	$308,950.00		$195,800.00	$37,500.00	$75,650.00	
3. Legal	$26,500.00		$26,500.00			
4. Administration	$72,387.00		$49,200.00		$23,187.00	
5. Sites, Permits and Archaeological	$58,976.00		$33,976.00		$25,000.00	
6. LMI Tap Fees and User Sign-Ups	$4,100.00		$4,100.00			
7. Interim Financing Costs	$14,000.00				$14,000.00	
8. Project Contingency	$50,000.00			$29,858.50	$20,141.50	
9. Total of Lines 1 through 8	$3,076,720.00	$544,220.00	$785,000.00	$500,000.00	$1,178,000.00	$89,500.00
B. Sources of Fund						
10. Federal Grants:						
a. Small Cities Block Grant	$785,000.00					
b. Appalachian Regional Commission	$500,000.00					
11. State Grants:						
a. Governors Contingency Grant	$1,178,000.00					
b.						
12. Other Grants:						
13. Any Other Source:						
a. WVAWC	$89,500.00					
b. Other						
14. Infrastructure Fund Grant						
15. Total of Lines 10 through 14	$2,532,500.00					
16. Net Proceeds Required from Bond Issue (Line 9 minus Line 15)	$544,220.00					
C. Cost of Financing						
17. Funded Reserve Account						
18. Other Costs						
a. Bond Counsel	$14,000.00	$14,000.00				
b. Bank registrar fee/Accountant Certification	$400.00	$400.00				
19. Total Cost of Financing (lines 17 and 18)	$14,400.00	$14,400.00				
20. Size of Bond Issue (Line 16 plus Line 19)	$558,620.00	$558,620.00				

GOVERNMENTAL AGENCY

DATE: 5/21/02

EDWARD L. SHAFFER
REGISTERED
CONSULTING ENGINEER
STATE OF
WEST VIRGINIA
PROFESSIONAL ENGINEER

DATE: 5-21-02

Fisher & Hodges, CPAs, AC

Robert E. Fisher, CPA / Nancy C. Hodges, CPA

P.O. Box 880 / 908 Mercer Street / Princeton, WV 24740 / (304) 425-2470

June 4, 2002

Oakvale Road Public Service District
Water Revenue Bonds, Series 2002 A
(West Virginia Infrastructure Fund)

West Virginia Water
Development Authority
Charleston, West Virginia

West Virginia Infrastructure and
Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the agreed payments to be made by West Virginia-American Water Company (the "Company") to Oakvale Road Public Service District (the "Issuer"), under that certain Agreement dated as of May 8, 1995, including all amendments thereto, by and between the Company and the District, as approved in the Commission Order of the Public Service Commission of West Virginia entered March 13, 2002, in Case No. 01-1624-PWD-CN, it is our opinion that such payments will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Issuer, will be sufficient to pay 100% of the maximum amount required in any year for debt service on the Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), to be issued to the West Virginia Water Development Authority on the date hereof, and the Issuer's outstanding Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), and Water Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund).

Very truly yours,

Nancy C. Hodges, CPA

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF LETTER OF CREDIT BANK

The undersigned Senior Vice President of BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia (the "Bank"), hereby certifies in connection with the issuance by the Bank of its Letter of Credit, No. 957-0527271/00016, dated June 3, 2002, in the amount of $27,931.00 (the "Letter of Credit"), for the account of the Oakvale Road Public Service District (the "Issuer"), for and on behalf of the Bank, as follows:

1. The Bank is a national banking association under the laws of the United States of America and qualified to do business in the State of West Virginia, with the power and authority to issue and deliver the Letter of Credit under applicable provisions of law.

2. The Letter of Credit has been duly authorized, executed and delivered by the Bank.

3. The Letter of Credit is provided in lieu of a funded debt service reserve account and secures the payment of up to $27,931.00, which we are advised is equal to two year's debt service on the Issuer's Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated June 3, 2002, in the principal amount of $558,620. The Letter of Credit has been delivered by the Bank pursuant to an Application and Agreement for Standby Letter of Credit dated June 3, 2002, and a Note and Security Agreement, June 3, 2002 (collectively, the "Application").

IN WITNESS WHEREOF, BRANCH BANKING AND TRUST COMPANY has caused this Certificate to be executed by a duly authorized officer, as of this 4th day of June, 2002.

BRANCH BANKING AND TRUST COMPANY

By _____
Its Senior Vice President

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
AT CHARLESTON

FINAL
6-15-95

Entered: May 26, 1995

CASE NO. 95-0061-PWD-PC

SUMMERS COUNTY COMMISSION and
MERCER COUNTY COMMISSION.
Petition for approval of expansion
of boundaries of Oakvale Road Public
Service District.

RECOMMENDED DECISION

PROCEDURE

On January 26, 1995, the Summers County Commission and the Mercer County Commission (Petitioners) jointly filed a petition with the Public Service Commission, pursuant to West Virginia Code (Code) §16-13A-2, for consent and approval to enlarge Oakvale Road Public Service District (District).

On February 15, 1995, Staff Attorney Susan J. Riggs, Esquire, filed the Initial and Final Joint Staff Memorandum, dated February 9, 1995, in this proceeding. Attached thereto was the Initial and Final Internal Memorandum, dated January 30, 1995, from Senior Utilities Analyst Geert Bakker, Public Service District Division. Commission Staff has recommended approving the petition, subject to a proper Notice of Hearing and subject to a public hearing in Summers County and in Mercer County.

On February 17, 1995, the Commission Referral Order was entered in this proceeding, referring this matter to the Division of Administrative Law Judges for decision on or before August 24, 1995. Pursuant thereto, on March 2, 1995, the Administrative Law Judge (ALJ) issued a Procedural Order establishing a procedural schedule to process and resolve this matter, including an April 25, 1995 hearing date in both of the Counties of Summers and Mercer. The ALJ also directed the parties to publish a Notice of Hearing in newspapers published and generally circulated in both of the Counties of Summers and Mercer. No one has filed a protest against this petition.

On April 19, 1995, and on May 18, 1995, the Petitioners, by counsel, William S. Winfrey II, Esquire, filed publication affidavits indicating that the Notice of Hearing had been published as directed, on April 11, 1[illegible], in the Hinton News, a newspaper published and generally circulated in Summers County, and on April 13, 1995, in the Princeton Times, a newspaper published and generally circulated in Mercer County.

At 10:00 a.m., on April 25, 1995, the ALJ held the hearing as scheduled at Princeton, Mercer County. The Petitioners appeared by counsel, William S. Winfrey, II, Esquire, and Commission Staff appeared by counsel, Susan J. Riggs, Esquire. No one else appeared at the hearing. Commission Staff presented one exhibit at the hearing held at Princeton. The transcript of the 10:00 a.m. Princeton hearing will be designated as "Tr. Vol. I".

At 2:00 p.m., on April 25, 1995, the ALJ held the hearing as scheduled at Hinton, Summers County. Again, the Petitioners appeared by counsel, William S. Winfrey, II, Esquire, and Commission Staff appeared by counsel, Staff Attorney, Susan J. Riggs, Esquire. No one else appeared at the hearing. The transcript of the 2:00 p.m. Hinton hearing will be designated as "Tr. Vol. II". No evidence was presented at the afternoon hearing held at Hinton. The parties waived their rights, pursuant to Code §24-1-9(b), to file proposed findings of fact and conclusions of law, or briefs, in this proceeding.

EVIDENCE

The only evidence presented at the hearings was Staff Exhibit No. 1, consisting of the Initial and Final Joint Staff Memorandum, dated February 9, 1995, from Staff Attorney Riggs, and the Initial and Final Internal Memorandum, dated January 30, 1995, from Senior Utilities Analyst Geert Bakker, Public Service District Division. Commission Staff opined that the Petitioners had correctly followed the statutorily prescribed procedures to enlarge the District's boundaries, and Commission Staff recommended that the petition be approved.

DISCUSSION

The ALJ has considered all of the above, and, since the Mercer County Commission and the Summers County Commission have followed the proper statutory procedures to enlarge the District; since the Petitioners have properly published a Notice of Hearing in both of the Counties of Summers and Mercer; since Commission Staff has recommended approving the petition; since a hearing was held in the Counties of Mercer and Summers, after proper notice by publication in each of the Counties; and since no one appeared at either of the hearings to oppose the petition, the ALJ holds that the petition for consent and approval to enlarge Oakvale Road Public Service District will be granted.

FINDINGS OF FACT

1. The Summers County Commission and the Mercer County Commission jointly filed a petition with the Commission, pursuant to Code §16-13A-2, for consent and approval to enlarge the Oakvale Road Public Service District. (See, Petition, filed January 26, 1995).

2. The Petitioners followed the proper statutory procedures to enlarge the District. (See, Staff Exhibit No. 1).

3. Commission Staff has recommended approving the petition. (See, Staff Exhibit No. 1).

4. The Petitioners published the Notice of Hearing as directed; no protests were filed; and no one appeared at the hearing to oppose the petition. (See, Tr. Vols. I and II, generally; Commission's file).

CONCLUSION OF LAW

For all of the reasons set forth in Finding of Fact Nos. 2, 3 and 4, it is reasonable to grant the petition.

ORDER

IT IS, THEREFORE, ORDERED that the petition jointly filed with the Commission on January 26, 1995, by the Summers County Commission and by the Mercer County Commission, pursuant to Code §16-13A-2, for consent and approval to enlarge the Oakvale Road Public Service District, be, and it hereby is, granted, and that the orders of the Summers County Commission and Mercer County Commission, dated January 17, 1995, and December 12, 1994, respectively, be, and they hereby are, approved.

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

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

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

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

Ronnie Z. McCann
Administrative Law Judge

RZMc:pst

IN RE: PUBLIC SERVICE DISTRICT IN EAST RIVER DISTRICT.
KNOWN AS OAKVALE ROAD PUBLIC SERVICE DISTRICT

Thereupon the Clerk of the County Court of Mercer County, West Virginia, presented to the Court a petition of residents and property owners of the community of the Oakvale Road, of Mercer County, West Virginia, asking for the creation of a Public Service District in the area described therein, and asking that the County Court adopt a proposed resolution and enter an order fixing a date of hearing, on the creation of a public service district in the community of the Oakvale Road of Mercer County as set forth in said petition.

Fred Thomason introduced and caused to be read a proposed resolution and order entitled:

"A resolution and order fixing a date of hearing on the creation of public service district, within Mercer County, West Virginia; and providing for the publication of a notice of such hearing."

Mr. Fanning moved that said resolution and order be adopted.

Mr. Thomason seconded the motion, and after due consideration, the President put the question on the motion and the roll being called the following voted:

Aye:	Fred Thomason	President
	J. C. Fanning	Commissioner
	Frank Gibson	Commissioner
Nay:	None	

Whereupon the President declared the motion duly carried and said resolution and order duly adopted.

A RESOLUTION AND ORDER FIXING A DATE OF HEARING ON THE CREATION OF A PROPOSED PUBLIC SERVICE DISTRICT WITHIN MERCER COUNTY, WEST VIRGINIA: AND PROVIDING FOR THE PUBLICATION OF A NOTICE OF SUCH HEARING.

Whereas, there has heretofore been filed in the office of the Clerk of the County Court of Mercer County, West Virginia, a petition to this County Court, for the creation of a public service district within Mercer County, West Virginia; and

Whereas, said County Court Clerk has presented such petition to this County Court at this meeting; and

Whereas, Pursuant to the provisions of Article 13A of Chapter 16 of the West Virginia Code this County Court upon presentation of such petition is required to fix a date of hearing on the creation of the proposed public service district;

Now ,therefore, Be it and it is hereby resolved and ordered by the County Court of Mercer County, West Virginia, as follows:

Section I. That the County Court of Mercer County, West Virginia, hereby finds and declares that there has been filed in the office of the County Court Clerk and presented by said County Court Clerk to this County Court a petition for the creation of a public service district within Mercer County, West Virginia, which petition contains a description sufficient to identify the territory to be embraced within the proposed public service district and name of the public service district and which petition has been signed by at least one hundred legal voters resident within and owning real property within the limits of the proposed public service district, and said County Court further finds and declares that said petition in all respects meets the requirements of Article 13A of Chapter 16 of the West Virginia Code.

Section 2. That said petition, among other things, states as follows:

(a) The name and corporate title of said public service district shall be the "Oakvale Road Public Service District."

(b) The territory to be embraced in said public service district shall be as follows:

Beginning at the intersection of U. S. Route No. 219 and W. Va. Route No. 20, thence with the corporate line of the City of Princeton and W. Va. Route No. 20 N 42° 10' E. 0.66 miles to a point having a latitude of North 39° 22' 30" and a longitude of W. 81° 04' 03", thence S. 67° 30' E. 1.45 miles to the West Virginia Toll Road having a latitude of N. 39° 22' 00" and a longitude W. 81° 02' 33", thence with the Toll Road S. 4° 40' W. 0.44 miles to a point having a latitude of N. 39° 21' 37" and a longitude of W. 81° 02' 35", thence S. 68° 55' W. 0.86 miles to a point having a latitude of N. 39° 21' 21" and a longitude of W. 81° 03' 28", thence N. 56° 05' W. 1.3 miles to a point having a latitude of N. 39° 21' 57" and a longitude W. 81° 04' 38", thence N. 42° 10' E. 0.18 miles to the beginning as shown on map prepared by J. H. Milam, Inc., Consulting Engineers, April 1957.

All of which lies in the East River Magisterial District of Mercer County and adjoining the City of Princeton, West Virginia, and contains generally the subdivision of Shumate, Elmore, Long View, Johnson, Cherry Lawn Trailer Court and Whittaker Trailer Court.

(c) The purpose of said public service district shall be to construct, or acquire by purchase or otherwise, and maintain, operate, improve and extend properties supplying water and sewerage services within such territory and also outside

(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 West Virginia Code, nor does such territory include within its limits any city, incorporated town or other municipal corporation.

Section 3. That on June 10th, 1957, at the Courthouse at 10 o'clock A.M., the County Court shall meet in the County Court House at Princeton, West Virginia for the purpose of conducting a public hearing on the creation of the proposed public service district at which time and place all persons residing in or owning or having any interest in property in the proposed public service district may appear before this County Court and shall have an opportunity to be heard for and against the creation of said district, and at such hearing, this County Court shall consider and determine the feasibility of the creation of the proposed public service district.

Section 4. That the County Court Clerk is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out to be published on May 16, 1957, in the Sunset News, a newspaper of general circulation published in Mercer County.

NOTICE OF PUBLIC HEARING
ON CREATION OF OAKVALE
ROAD PUBLIC SERVICE
DISTRICT

Notice is hereby given that a legally sufficient petition has been filed with the Clerk of the County Court of Mercer County, West Virginia, and has been presented to the County Court of Mercer for the creation of a public service district within Mercer County, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying water and sewerage services within said district and also outside said district to the extent permitted by law; to be named "Oakvale Road Public Service District" and having the following described boundaries:

Beginning at the intersection of U. S. Route No. 219 and W. Va. Route No. 20, thence with the corporate line of the City of Princeton and W. Va. Route No. 20 N. 42° 10' E. 0.66 miles to a point having a latitude of North 39° 22' 30" and a longitude W. 81° 04' 03", thence with S. 67° 30' E. 1.45 Miles to the West Virginia Toll Road having a latitude of N. 39° 22' 00" and a longitude W. 81° 02' 33", thence with the Toll Road S. 4° 40' W. 0.44 miles to a point having a latitude of N. 39° 21' 37" and a longitude of W. 81° 02' 35", thence S. 68° 55' W. 0.86 miles to a point having a latitude of N. 39° 21' 21" and a longitude of W. 81° 03' 28", thence N. 56° 05' W. 1.3 miles to a point having a latitude of N. 39° 21' 57" and a longitude W. 81° 04' 38", thence N. 42° 10' E. 0.18 miles to the beginning as shown on map prepared by J. H. Milam, Inc., Consulting Engineers, April 1957.

All of which lies in the East River Magisterial District of Mercer County and adjoining the City of Princeton, West Virginia, and contains generally the subdivision of Shumate, Elmore, Long View, Johnson, Cherry Lawn Trailer Court and Whittaker Trailer Court.

All persons residing in or owning or having any interest in property in said proposed public service district are hereby notified that the County Court of Mercer County will conduct a public hearing on June 10th, 1957 at 10 o'clock A. M., in the County Court House at Princeton, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed public service district.

By Order of the County Court this day May 13, 1957.

Lowery G. Bowling
County Court Clerk

Adopted by the County Court May 13, 1957.

Fred Thomason
President

Attest:

Lowery G. Bowling
Clerk

STATE OF WEST VIRGINIA)
) ss
COUNTY OF MERCER)

I, Lowery G. Bowling, hereby certify that I am the duly qualified and acting Clerk of the County Court of Mercer County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Court as had under date of May 13, 1957, and a resolution and order then adopted relating to the proposed creation of the Oakvale Road Public Service District, all as shown by the official records in my office.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of said Court of Mercer, West Virginia this May 13, 1957.

Lowery G. Bowling
County Court Clerk

IN RE: OAKVALE ROAD PUBLIC SERVICE DISTRICT.

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Oakvale Road Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on May 13th, 1957, the president announced that all persons residing in or owning or having any interest in property in such proposed public service district desiring to be hea for or against the creation of said district would be heard and all such interested persons desiring to be heard were give full opportunity.

The County Court then further discussed the creation of said public service district, whereupon, J. C. Fanning introduced and caused to be read a proposed resolution and order, entitled:

"A resolution and order creating Oakvale Road Public Service District in Mercer County, West Virginia"

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposal resolution and order be adopted. Frank Gibson seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted:

Aye: Fred Thomason, J. C. Fanning and Frank Gibson.

Nay: ___

Whereupon, the President declared the motion duly carried and said resolution and order duly adopted.

Fred Thomason introduced and caused to be read a proposed resolution and order, entitled:

"A Resolution and Order appointing members to the public service board of the Oakvale Road Public Service District."

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and order be adopted. J. C. Fanning seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted:

Aye: Fred Thomason, J. C. Fanning, Frank Gibson.

Nay: ____

Whereupon the President declared the motion duly carried and said resolution and order duly adopted.

Fred Thomason,
President.

Attest: Lowery G. Bowling, Clerk.

A RESOLUTION AND ORDER CREATING OAKVALE ROAD PUBLIC SERVICE DISTRICT IN MERCER COUNTY, WEST VIRGINIA.

WHEREAS, the County Court of Mercer County, West Virginia, did heretofore by a resolution and order adopted April 6, 1957, fix a date for a public hearing on the creation of the proposed Oakvale Road Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and

WHEREAS, notice of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13A of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the

requisite number of qualified voters registered and residing within said proposed public service district and said County Court has given due consideration to all matters for which such hearing was offered; and,

WHEREAS, it is now deemed desirable by said County Court to adopt a resolution and order creating said district:

NOW, THEREFORE, Be it and it is hereby resolved and ordered by the County Court of Mercer County, West Virginia, as follows:

SECTION I. That a public service district within Mercer County, West Virginia, is hereby created, and said district shall have the following boundaries:

BEGINNING at the intersection of U. S. Route No. 219 and West Virginia Route No. 20; thence with the corporate line of the City of Princeton and W. Va. Route No. 20 N. 42° 10' E. 0.66 miles to a point having a latitude of North 39° 22' 30" and a longitude of W. 81° 04' 03", thence S. 67° 30' E. 1.45 miles to the West Virginia Toll Road having a latitude of N. 39° 22' 00" and a longitude W. 81° 02' 33"; thence with the Toll Road S. 4° 40' W. 0.44 miles to a point having a latitude of N. 39° 21' 37" and a longitude of W. 81° 02' 35"; thence S. 68° 55' W. 0.86 miles to a point having a latitude of N. 39° 21' 21" and a longitude of W. 81° 03' 28"; thence N. 56° 05' W. 1.3 miles to a point having a latitude of N. 39° 21' 57" and a longitude W. 81° 04' 38"; thence N. 42° 10' E. 0.18 miles to the BEGINNING, as shown on map prepared by J. H. Milam, Inc., Consulting Engineers, April, 1957.

All of which lies in the East River Magisterial District of Mercer County and adjoining the City of Princeton, West Virginia, and contains generally the subdivision of Shumate, Elmore, Long View, Johnson, Cherry Lawn Trailer Court and Whittaker Trailer Court.

SECTION 2. That said public service district so created shall have the name and corporate title of "Oakvale Road Public Service District" and shall constitute a public corporation and political subdivision of the State of West Virginia having all of the rights and powers conferred on public service district by the laws of the State of W. Va., and particularly Article 13A of Chapter 16 of the West Virginia Code.

SECTION 3. That the County Court of Mercer County, West Virginia, has determined that the territory within Mercer County, West Virginia, having the hereinabove described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of properties supplying both water and sewerage services within such territory by said public service district will be conducive to the preservation of public health, comfort and convenience of such areas.

ADOPTED BY THE COUNTY COURT JUNE 10th. 1957.

Fred Thomason
President

ATTEST:
Lowery G. Bowling, Clerk.

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from Minute Order Book 19, page 14.

Given under my hand and Seal of said Commission, this the 22nd day of January, 1996.

Rudolph D. Jennings CLERK
MERCER COUNTY COMMISSION

WEST VIRGINIA:

At an adjourned session of the County Commission, continued and held for the County of Mercer, at the Courthouse thereof, on Friday, December 30th 1977.

Present:	Luther H. Byrd,	President.
Present:	Joe Coburn,	Commissioner.
Present:	Clarence Six,	Commissioner.

RE: OAKVALE ROAD PUBLIC SERVICE DISTRICT - BOUNDARIES.

It is brought on for discussion the proposal to extend the Oakvale Road Public Service District boundaries to include a certain area near the West Virginia Turnpike and extending North towards Athens for the purpose of furthering the sanitary facilities in the County. It is brought to the attention of the County Commission that the Oakvale Road Public Service District was founded by the County Commission, and after discussion concerning the necessity of extending the presently existing boundaries, upon motion of Joe Coburn, seconded by Clarence Six, it was unanimously approved that the boundaries of the presently existing Oakvale Road Public Service District be extended as set forth in the hereinafter description, and that an order be entered proposing the extension of said boundaries as set forth herein.

It is further ORDERED that pursuant to West Virginia Code, Chapter 16, Article 13A, Section 2, a Notice be placed in the Bluefield Daily Telegraph, a newspaper of general circulation in the area to be affected, that a hearing on this proposed Order be [illegible] this Commission on the 20 day of January, 1978, at 9:30 o'clock A. M., notifying

the public that said hearing be held forthe purpose of accepting any petitions for or against the tosaid proposed extension or for the purpose of accepting any further objections to said proposed extension.

Be it further ORDERED that this publication be placed as a Class I legal advertisement, said publication to be made at least 10 days before the above said hearing date. Be it further ORDERED that a copy of said Notice be placed at five conspicuous places in the proposed extended area, and that said Notice beplaced at least 10 days prior to the notice of the hearing hereon.

OAKVALE ROAD PUBLIC SERVICE DISTRICT
DESCRIPTION

BEGINNING at a point having a latitude of North 39° 22' 33" and a longitude of West 81° 04' 03"; this point being the Northwestern most corner of the existing PSD boundary; thence

N. 52° W.	0.17 Mi.	to a point; thence
N. 20° W.	0.38 Mi.	to the old Athens Road; thence with the old Athens Road in a Northeasterly direction 1.14 Mi. to a point where the old Athens Road crosses the West Virginia Turnpike; thence in a Northeasterly direction with the old Athens Road approximately 0.95 mi. to a cemetary on the Northern side of the same said Road; thence
S. 84° E.	0.25 Mi.	to a point; thence
N. 14° E.	0.36 Mi.	to a point; thence

S. 71° E.	0.19 Mi.	to a point; thence with a ridge line in a southeasterly direction 1.23 Mi. to a point; thence in a Southwesterly direction approximately 1.99 Mi. to a point having a latitude of N. 39° 22' 00" and a longitude of W. 81° 02' 33"; the same said point being the Northeastern corner of the existing PSD boundary; thence with the existing PSD boundary,
N. 6[illegible]° 30' E.	1.45 Mi.	to the Beginning.

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT:

I, WILSON D. HARVEY, Clerk of the County Commission of the County and State afcresaid, do hereby certify that the foregoing writing is a true and correct copy of an Order as taken Minute Order Book #25, page #568.

Given under my hand and Seal of said Commission, this the 16th day of April, 1981.

Wilson D. Harvey CLERK.

MERCER COUNTY COMMISSION

BY: Kayla Cook DEPUTY CLERK.

WEST VIRGINIA:

At an adjourned session of the County Commission, continued and held for the County of Mercer, at the Courthouse thereof, on Thursday, February 16th. 1978.

Present:	Joe Coburn,	President.
Present:	Luther H. Byrd,	Commissioner.
Present:	Clarence W. Six,	Commissioner.

RE: OAKVALE ROAD PUBLIC SERVICE DISTRICT - BOUNDARIES.

O R D E R

There came on for final hearing on this the 16th day of February, 1978, before the Mercer County Commission the question of the extension of thepresent boundaries of the Oakvale Road Public Service District as set forth in the Order of this Commission previously entered on the 30th day of December,1977 ,setting forth the propose expansion or extension of the Oakvale Road Public Service District and further setting forth the requirement that the notice of a hearing on this question be placed in a newspaper of general circulation in the area, along with five notices of this said hearing being personally placed in conspicuous locations within the proposed new area, all being

certified to by the Bluefield Daily Telegraph, in which said newspaper the notice was duly published as required by law, a certificate of said publication being herewith received and being herewith ordered filed, and a certificate executed by Mr. Trevor Hazlewood that he has posted five notices of said hearing at conspicuous locations within the new area as evidenced by his certificate herewith received and which is hereby ordered filed; there being present all Commissioners, Mr. John P. Anderson, the attorney for the Oakvale Road Public Service District, and Mr. Wilbur Smith, a representative of Pentree, Inc., the engineering firm for said Oakvale Road Public Service District, and members of the interested public.

WHEREUPON, the Commissioners proceeded to commence a public hearing as required by law on the proposed extension of said District. After hearing testimony and argument of counsel with respect to the new boundaries, this said Commission upon due motion hereto by Luther H. Byrd, and seconded by Clarence W. Six, does hereby unanimously agree and order for the extension of the Oakvale Road Public Service District which was entered by this Commission on the 30th day of December, 1977 be herewith finalized and made complete and final. It is further ordered that the residents encompassed within the extension of this said Oakvale Road Public Service District shall abide by all laws respecting newly proposed extension of the Oakvale Road Public Service District lines.

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT:

I, WILSON D. HARVEY, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order as taken from Minute Order Book #25, page #597.

Given under my hand and Seal of said Commission, this the 16th day of April, 1981.

Wilson D. Harvey CLERK.

MERCER COUNTY COMMISSION

BY: Peggy Ellis DEPUTY CLERK.

BEFORE THE COUNTY COMMISSION OF SUMMERS COUNTY, WEST VIRGINIA

In re:

OAKVALE ROAD PUBLIC SERVICE DISTRICT

ORDER TO INCREASE PUBLIC SERVICE DISTRICT BOUNDARY

Pursuant to the provision of W. Va. Code § 16-13A-2 (1991 Replacement Vol.), on a former day came the Oakvale Road Public Service District and filed its Petition to enlarge the boundary of the Oakvale Road Public Service District, (PSD), a public service district providing water service to certain residents of Mercer County, West Virginia, to allow water service to additional residents of Mercer County and to provide similar service to residents of Summers County, West Virginia.

On December 5, 1994, came the Petitioner by William S. Winfrey, II, its Counsel, and presented its Petition for a hearing. After hearing and review of the record, the Commission finds as follows:

1. Oakvale Road Public Service District is a public service formed by the County Commission of Mercer County, West Virginia;

2. The Public Service District desires to provide water service to the residents of Summers County, West Virginia, through the Mercer/Summers Regional Water Project;

2. The purpose for the geographical expansion of the Public Service District is to provide water service to residents of the Route 20 area of Mercer County, and to the Route 20 area

of Summers County, West Virginia.

3. The expansion of the PSD is in the best interests of the affected citizens in Mercer and Summers Counties. The expansion will provide for economic development of the area, will provide short term construction and long term jobs to residents of Mercer County, and will in no way adversely affect the existing customers of the Public Service District.

4. The expansion of the Public Service District will provide increased services and eliminate the need for the creation of a new public service district in the area, which area is not currently served by a Public Service District.

5. The Public Service District has caused to be published as a Class I advertisement a notice of the hearing, a copy of which publication is attached to this Order.

6. The Public Service District has caused to be posted 5 notices within the area to be affected.

Accordingly, it is therefore ORDERED that the boundary of the Oakvale Road Public Service District be enlarged to incompall the following territory which is partially within Summers County and partially within Mercer County, as follows:

> Beginning at a point being the intersection of the City limits of Princeton and WV Route 20 (also known as Athens Road); thence in a westerly direction along the City limits of Princeton boundary approximately 4,660 feet to a point; thence in a southern direction along the City limits of Princeton boundary approximately 750 feet to the waters of Brush Creek; thence in a northerly direction along the waters of Brush Creek approximately 5,500 feet to a point; thence in a northwesterly direction approximately 800 feet to the intersection of Norfolk Southern Railroad tracks and Mercer County Route 16 (also known as Brickyard Road); thence in a westerly direction approximately 11,100

feet to a point on U. S. Route 19 (Beckley Road) being approximately 1,085 feet south of the intersection of U. S. Route 19 and Blacklick Creek; thence along U. S. Route 19 approximately 750 feet to a point; thence paralleling the centerline of Mercer County Route 19/17 with a separation distance of 2,000' in the southerly direction for a distance of approximately 13,900 feet to the top of Turkey Knob Mountain; thence in a northwesterly direction approximate 9,150 feet to the centerline of the waters of Bluestone River; thence in a northeasterly direction following the centerline of the waters of the Bluestone River approximately 14,500 feet to a point; thence paralleling the centerline of U. S. Route 19 in a northerly direction with a separation distance of 1,000 feet in the westerly direction for a distance of approximately 58,500 feet to a point; thence paralleling the centerline of Interstate 77 in a southeasterly direction with a separation distance of 2,00 feet in the northwesterly direction for a distance of 13,00 feet to a point along the centerline of the waters of the Bluestone River; thence in a northerly direction along the centerline of the waters of the Bluestone River approximately 45,820 feet to a point being the county line between Mercer and Summers counties; thence continuing along the centerline of the waters of the Bluestone River in a northerly direction approximately 56,760 feet to a point being the intersection of the centerline of the waters of the Bluestone River and the western side of the WV Route 20 bridge crossing Bluestone River; thence continuing in a northerly direction along the western side of WV Route 20 approximaterly 17,500 feet to a point being approximaterly 100 feet in a northerly direction beyond the intersection of WV Route 20 and WV Route 3; thence in a northeasterly direction approximately 140 feet to a point being at the edge of water on the west bank or the Bluestone River; thence in a southerly directin following the edge of water on the west bank of the Bluestone River approximaterly 52,400 feet to a point being the intersection of the waters of the Bluestone River and the waters of a stream known as Toms Run, which is situate near Bull Falls camping area; thence along the waters of Tom Run approximaterly 17,500 feet to a point being the intersection of the waters of Toms Run and the centerline of Appalachian Power Company's high voltage power line; thence follwoig the centerline of Appalachian Power Company's high voltage power line in a southerly direction approximately 4,700 feet to a point being the intersection of the centerline of Appalachian Power Company's high voltage power line and the centerline of Summers County Route 26; thence in a southwesterly direction approximately 24,250 feet to a point on the centerline of Mercer County Route 18 being

approximaterly 500 feet in a easterly direction of the intersection of Mercer County Route 18 and Mercer County Route 9/8; thence in a westerly direction along the centerline of Mercer County Route 18 approximaterly 500 feet to a point being the intersection of Mercer County Route 18 and Mercer County Route 9/8; thence in a southerly direction along the centerline of Mercer County Route 9/8 approximately 11,500 feet to a point being the intersection of Mercer County Route 9/8 and Mercer County Route 9/2; thence in a southwesterly direction along the centerline of Mercer County Route 9/2 approximaterly 6,670 feet to a point being the centerline of the intersection of Mercer County Route 9/2 and Mercer County Route 9/1 approximaterly 1,300 feet to a point being the centerline of the intersection of Mercer County Route 9/1 and Mercer County Route 24; thence in a southwesterly direction along the centerline of Mercer County Route 24 approximaterly 27,760 feet to a point in the eastern boundary of the Oakvale Road Public Service District. Said point being approximaterly 100 feet east of the intersection of Mercer County Route 24 and Mercer County Route 24/1; thence with the northeastern boundary of the Oakvale Road Public Service District to the point of beginning.

The Clerk shall certify a copy of this order to Counsel for the Oakvale Road Public Service District for filing with the Public Service Commission of West Virginia.

Enter:

President

Clerks Certification:

This order was adopted by The Summers County Commission meeting in Regular Session January 17, 1995, and is made a part of the office record of the proceedings of the Commission for this date.

Clerk Summers County Commission

BEFORE THE COUNTY COMMISSION OF MERCER COUNTY, WEST VIRGINIA

In re:

OAKVALE ROAD PUBLIC SERVICE DISTRICT

ORDER TO INCREASE PUBLIC SERVICE DISTRICT BOUNDARY

Pursuant to the provision of W. Va. Code § 16-13A-2 (1991 Replacement Vol.), on a former day came the Oakvale Road Public Service District and filed its Petition to enlarge the boundary of the Oakvale Road Public Service District, (PSD), a public service district providing water service to certain residents of Mercer County, West Virginia, to allow water service to additional residents of Mercer County and to provide similar service to residents of Summers County, West Virginia.

On December 12, 1994, came the Petitioner by William S. Winfrey, II, its Counsel, and presented its Petition for a hearing. After hearing and review of the record, the Commission finds as follows:

1. Oakvale Road Public Service District is a public service formed by the County Commission of Mercer County, West Virginia;

2. The Public Service District desires to provide water service to the residents of Mercer County, West Virginia, through the Mercer/Summers Regional Water Project;

3. The purpose for the geographical expansion of the Public Service District is to provide water service to residents of the Route 20 area of Mercer County, and to the Route 20 area

of Summers County, West Virginia.

4. The expansion of the PSD is in the best interests of the affected citizens in Mercer and Summers Counties. The expansion will provide for economic development of the area, will provide short term construction and long term jobs to residents of Mercer County, and will in no way adversely affect the existing customers of the Public Service District.

5. The expansion of the Public Service District will provide increased services and eliminate the need for the creation of a new public service district in the area, which area is not currently served by a Public Service District.

6. The Public Service District has caused to be published as a Class I advertisement a notice of the hearing, a copy of which publication is attached to this Order.

7. The Public Service District has caused to be posted 5 notices within the area to be affected.

Accordingly, it is therefore ORDERED that the boundary of the Oakvale Road Public Service District be enlarged to encompass the following territory which is partially within Summers County and partially within Mercer County, as follows:

> Beginning at a point being the intersection of the City limits of Princeton and WV Route 20 (also known as Athens Road); thence in a westerly direction along the City limits of Princeton boundary approximately 4,660 feet to a point; thence in a southern direction along the city limits of Princeton boundary approximately 750 feet to the waters of Brush Creek; thence in a northerly direction along the waters of Brush Creek approximately 5,500 feet to a point; thence in a northwesterly direction approximately 800 feet to the intersection of Norfolk Southern Railroad tracks and Mercer County Route 16 (also known as Brickyard Road); thence in a westerly direction approximately 11,100

feet to a point on U. S. Route 19 (Beckley Road) being approximately 1,085 feet south of the intersection of U. S. Route 19 and Blacklick Creek; thence along U. S. Route 19 approximately 750 feet to a point; thence paralleling the centerline of Mercer County Route 19/17 with a separation distance of 2,000' in the southerly direction for a distance of approximately 13,900 feet to the top of Turkey Knob Mountain; thence in a northwesterly direction approximate 9,150 feet to the centerline of the waters of Bluestone River; thence in a northeasterly direction following the centerline of the waters of the Bluestone River approximately 14,500 feet to a point; thence paralleling the centerline of U. S. Route 19 in a northerly direction with a separation distance of 1,000 feet in the westerly direction for a distance of approximately 58,500 feet to a point; thence paralleling the centerline of Interstate 77 in a southeasterly direction with a separation distance of 1,000 feet in the northwesterly direction for a distance of 13,000 feet to a point along the centerline of the waters of the Bluestone River; thence in a northerly direction along the centerline of the waters of the Bluestone River approximately 45,820 feet to a point being the county line between Mercer and Summers counties; thence continuing along the centerline of the waters of the Bluestone River in a northerly direction approximately 56,760 feet to a point being the intersection of the centerline of the waters of the Bluestone River and the western side of the WV Route 20 bridge crossing Bluestone River; thence continuing in a northerly direction along the western side of WV Route 20 approximately 17,500 feet to a point being approximately 100 feet in a northerly direction beyond the intersection of WV Route 20 and WV Route 3; thence in a northeasterly direction approximately 140 feet to a point being at the edge of water on the west bank or the Bluestone River; thence in a southerly direction following the edge of water on the west bank of the Bluestone River approximately 52,400 feet to a point being the intersection of the waters of the Bluestone River and the waters of a stream known as Toms Run, which is situate near Bull Falls camping area; thence along the waters of Toms Run approximately 17,500 feet to a point being the intersection of the waters of Toms Run and the centerline of Appalachian Power Company's high voltage power line; thence following the centerline of Appalachian Power Company's high voltage power line in a southerly direction approximately 4,700 feet to a point being the intersection of the centerline of Appalachian Power Company's high voltage power line and the centerline of Summers County Route 26; thence in a southwesterly direction approximately 24,250 feet to a point on the centerline of Mercer County Route 18 being

approximately 500 feet in a easterly direction of the intersection of Mercer County Route 18 and Mercer County Route 9/8; thence in a westerly direction along the centerline of Mercer County Route 18 approximately 500 feet to a point being the intersection of Mercer County Route 18 and Mercer County Route 9/8; thence in a southerly direction along the centerline of Mercer County Route 9/8 approximately 11,500 feet to a point being the intersection of Mercer County Route 9/8 and Mercer County Route 9/2; thence in a southwesterly direction along the centerline of Mercer County Route 9/2 approximately 6,670 feet to a point being the centerline of the intersection of Mercer county Route 9/2 and Mercer County Route 9/1 approximately 1,300 feet to a point being the centerline of the intersection of Mercer County Route 9/1 and Mercer County Route 24; thence in a southwesterly direction along the centerline of Mercer County Route 24 approximately 27,760 feet to a point in the eastern boundary of the Oakvale Road Public Service District. Said point being approximately 100 feet east of the intersection of Mercer County Route 24 and Mercer County Route 24/1; thence with the northeastern boundary of the Oakvale Road Public Service District to the point of beginning.

The Clerk shall certify a copy of this order to Counsel for the Oakvale Road Public Service District for filing with the Public Service Commission of West Virginia.

Enter:

John K Rapp
President

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 18th day of January, 1995.

Rudolph D. Jennings CLERK
MERCER COUNTY COMMISSION

WEST VIRGINIA:

At a regular session of the County Commission, held for the County of Mercer, at the Courthouse thereof, on Wednesday, June 12, 2002.

Present:	Joe Coburn,	Commissioner.
Present:	John P. Anderson,	Commissioner.
Present:	Karen Disibbio,	Commissioner.

RE: APPOINTMENT – OAKVALE ROAD PUBLIC SERVICE DISTRICT.

This day on motion of Karen Disibbio, Commissioner, seconded by John P. Anderson, Commissioner, the Commission unanimously re-appointed Hillis Warren, as a Member of the Oakvale Road Public Service district for a six (6) year term retroactive from January 1, 2002 to December 31, 2007.

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 18th day of June, 2002.

Rudolph D Jennings CLERK

MERCER COUNTY COMMISSION

WEST VIRGINIA:

At an adjourned session of the County Commission, continued and held for the County of Mercer, at the Courthouse thereof, on Monday, May 13, 1996.

Present:	John K. Rapp,	President.
Present:	T. A. Warden, Jr.,	Commissioner.
Present:	John P. Anderson,	Commissioner.

RE: APPOINTMENT – MEMBER OAKVALE ROAD PUBLIC SERVICE DISTRICT.

This day on motion of John P. Anderson, Commissioner, seconded by T. A. Warden, Jr., Commissioner, the Commission re-appointed Hillis Warren, as a member of the Oakvale Road Public Service District for a six (6) year term to begin May 31, 1996 and end May 31, 2002.

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 8th day of May, 2002.

Rudolph D. Jennings CLERK
MERCER COUNTY COMMISSION

WEST VIRGINIA:

At an adjourned session of the County Commission, continued and held for the County of Mercer, at the Courthouse thereof, on Wednesday, August 15, 2001.

Present:	Joe Coburn,	President.
Present:	John P. Anderson,	Commissioner.
Present:	Karen Disibbio,	Commissioner.

RE: APPOINTMENT – OAKVALE ROAD PUBLIC SERVICE DISTRICT.

This day on motion of Karen Disibbio, Commissioner, seconded by John P, Commissioner, the Commission re-appointed C. C. "Sonny" Elmore, Jr., as a member of the Oakvale Road Public Service District for a six (6) year term to begin June 1, 2001 and end June 1, 2007.

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 8th day of May, 2002.

Rudolph D Jennings CLERK

MERCER COUNTY COMMISSION

WEST VIRGINIA:

At a special session of the County Commission, continued and held for the County of Mercer, at the Courthouse thereof, on Thursday, May 9, 2002.

Present:	John P. Anderson,	Commissioner.
Present:	Karen Disibbio,	Commissioner.

RE: APPOINTMENT – OAKVALE ROAD PUBLIC SERVICE DISTRICT.

This day on motion of Karen Disibbio, Commissioner, seconded by John P, Commissioner, the Commission re-appointed Richard Nowlin, as a member of the Oakvale Road Public Service District for a six (6) year term retroactive from January 1, 2002 and end December 31, 2007.

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Order, as taken from the records in my said office.

Given under my hand and Seal of said Commission, this the 9th day of May, 2002.

Rudolph D Jennings CLERK
MERCER COUNTY COMMISSION

STATE OF WEST VIRGINIA

COUNTY OF MERCER, TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of

Member - Oakvale Road Public Service District

to the best of my skill and judgment, so help me God.

(Signature of affiant) Hillis Warren
Hillis Warren

Subscribed and sworn to before me, in said County and State, this 29th day of May, 19xxx 2002.

MERCER COUNTY COMMISSION WEST VIRGINIA

Rudolph D. Jennings
RUDOLPH D. JENNINGS, CLERK

MERCER COUNTY COMMISSION

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Oath of Office, as taken from Oath of Office Book #10, Page #142.

Given under my hand and Seal of said Commission, this the 18th day of June, 2002.

Rudolph D Jennings CLERK
MERCER COUNTY COMMISSION

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF MERCER, TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of

Member - Oakvale Road Public Service District

to the best of my skill and judgment, so help me God.

(Signature of affiant) Hillis Warren
Hillis Warren

Subscribed and sworn to, before me, in said County and State, this 18th day of ....., 1996.

MERCER COUNTY COMMISSION WEST VIRGINIA

Rudolph D. Jennings
RUDOLPH D. JENNINGS, CLERK
MERCER COUNTY COMMISSION

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Oath of Office, as taken from the Oath of Office Book #9, Page #331.

Given under my hand and Seal of said Commission, this the 8th day of May, 2002.

Rudolph D. Jennings CLERK
MERCER COUNTY COMMISSION

BOOK 10 PAGE 115

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF MERCER, TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of

Member - Oakvale Road Public Service District

to the best of my skill and judgment, so help me God.

(Signature of affiant) C. C. "Sonny" Elmore, Jr.

Subscribed and sworn to, before me, in said County and State, this 9th day of May, 2002

RUDOLPH D. JENNINGS, CLERK
MERCER COUNTY COMMISSION

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Oath of Office, as taken from the Oath of Office Book #10, Page #115.

Given under my hand and Seal of said Commission, this the 9th day of May, 2002.

CLERK
MERCER COUNTY COMMISSION

BOOK 10 PAGE 116

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA

COUNTY OF MERCER, TO-WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of

Member - Oakvale Road Public Service District

to the best of my skill and judgment, so help me God.

(Signature of affiant) Richard B Nowlin

Richard Nowlin

Subscribed and sworn to, before me, in said County and State, this 9th day of May, 2002

Rudolph D Jennings

RUDOLPH D. JENNINGS, CLERK

MERCER COUNTY COMMISSION

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, TO WIT:

I, RUDOLPH D. JENNINGS, Clerk of the County Commission of the County and State aforesaid, do hereby certify that the foregoing writing is a true and correct copy of an Oath of Office, as taken from the Oath of Office Book #10, Page #116.

Given under my hand and Seal of said Commission, this the 9th day of May, 2002.

Rudolph D Jennings CLERK

MERCER COUNTY COMMISSION

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 Mercer 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 _____ 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 Mercer County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 48 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Mercer County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 48 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Secretary and a Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary, sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the

members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 4th day of November, 1999.

11/01/99
667990/99001

I, Fred Long, publisher of Hinton News a newspaper in Summers County, West Virginia do hereby certify that the annexed Notice was published in said newspaper for two successive times on the following dates, Nov. 6, 13, 2001
THE PRINTERS FEE THEREFORE IN $101.05
Given under my hand this 13 day of November, 20 01

Fred Long
Publisher

State of West Virginia)
County of Summers) to wit:
Subscribed and sworn to before me this 13 day of November, 20 01
My Commission expires January 17, 2005

NOTARY PUBLIC - OFFICIAL SEAL
STATE OF WEST VIRGINIA
NELLIE M. ROBERTSON
406 Cedar Ave., Hinton WV 25951
My commission expires: 1-17-2005

Nellie M. Robertson
Notary Public

COPY OF PUBLICATION FROM THE HINTON NEWS

LEGAL NOTICE

NOTICE

Notice is hereby given pursuant to the requirements of W. VA. Code 16-13A-25 and 24-2-11 of the intention of the Oakvale Road Public Service District, together with West Virginia-American Water Company, to file a joint application with the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity to construct additional water lines and appurtenances within the Mercer/Summers Regional Water Project to provide water service for the areas of Brooks and Barkadale in Summers County and the area near Pisgah Road in Mercer County, West Virginia. The project will provide service to approximately 76 new customers in Brooks/Barkadale and 63 new customers on Piagah Road. The total project cost is estimated not to exceed $3,200,000.00 and will be financed as follows:

Small Cities Block Grant	$ 765,000.00
Appalachian Regional Commission	500,000.00
West Virginia-American Water Co.	$ 89,500.00
Governor's Contingency Fund	$1,123,000.00
Loan:	
West Virginia Infrastructure and Jobs Development Council Loan	$ 558,620.00

The amount of money to be borrowed by the Public Service District will not exceed $600,000.00 at an interest rate not to exceed 0% and repayable over not more than forty (40) years. In addition, the Public Service District may borrow on an interim basis sums not to exceed the total borrowing for a period not to exceed 2 years at a rate not to exceed 10%.

The Public Service District properties to be constructed are:

Brooks/Barkadale:
12,800 L.F. of 8-inch Distribution Main
7,000 L.F. of 6-inch Distribution Main
2,000 L.F. of 2-inch Distribution Main
76 meters
60,000 gallon storage tank
Hydrants, Valves, railroad and highway crossings and Meter Settings.

Pisgah Road:
21,400 L.F. of 10-inch Distribution Main
11,200 L.F. of 8-inch Distribution Main
3,800 L.F. of 6-inch Distribution Main
1,400 L. F. of 2-inch Distribution Main
63 meters
150,000 gallons storage tank
Hydrants, Valves, highway crossings, 20,000 gallon storage tank, 200 GPM booster station with prechlorination station and Meter Settings.

The areas to be served are the Brooks and Barkadale areas of Summers County, West Virginia, and the Piagah Road area in Mercer County.

The District will operate and maintain the system through a written operation and maintenance agreement with West Virginia American Water Company.

Oakvale Road Public Service District anticipates that the customers which will be served by the Mercer/Summers Regional Water Project will be charged not to exceed 10% over the following monthly rates:

Available for general domestic commercial and industrial service.

RATE

First 1,500 gallons used per month at the minimum charge
Next 28,000 gallons used per month $6.5659 per 1,000 gallons
Next 870,000 gallons used per month $4.2870 per 1,000 gallons
Next 3,100,000 gallons used per month $3.2938 per 1,000 gallons
All over 3,900,000 gallons used per month $2.4004 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 sum of the minimum charges for each of the individual meters:

3/4 inch meter or less	$ 14.81 per month
1 inch meter	36.28 per month
1-1/2 inch meter	72.06 per month
2 inch meter	115.03 per month
3 inch meter	215.26 per month
4 inch meter	368.43 per month
6 inch meter	716.39 per month
8 inch meter	1,145.98 per month

INDICATES ADVANCE

*All residential customers shall be served through a 5/8" meter; provided, however, that the Public Service District may install a larger meter when reasonably necessary. This restriction shall not apply to residential meters currently in service.

Oakvale Road Public Service District will also charge a tap fee of $100.00 for preconstruction and $250.00 that will be charged to prospective customers who tap on to the water line after construction proceeds past their property boundary.

Formal application for a Certificate of Public Convenience and Necessity, approval of financing, approval of tap fees and rates and charges, and approval of the operation and maintenance agreement is expected to be filed with the Public Service Commission on or about November 13, 2001.

Oakvale Road Public Service District

NOTICE

Notice is hereby given pursuant to the requirements of W.Va. code § 16-13A-25 and § 24-2-11 of the intention of the OAKVALE ROAD PUBLIC SERVICE DISTRICT, together with WEST VIRGINIA - AMERICAN WATER COMPANY, to file a joint application with the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity to construct additional water lines and appurtenances within the Mercer/Summers Regional Water Project to provide water service for the areas of Brooks and Barksdale in Summers County and the area near Pisgah Road in Mercer County, West Virginia. The project will provide service to approximately 76 new customers in Brooks/Barksdale and 63 new customers on Pisgah Road. The total project cost is estimated not to exceed $3,200,000.00 and will be financed as follows:

Small Cities Block Grant	$765,000.00
Appalachian Regional Commission	500,000.00
West Virginia-American Water Co.	$89,500.00
Governor's Contingency Fund	$1,123,000.00
Loan:	
West Virginia Infrastructure and Jobs Development Council Loan	$558,620.00

The amount of money to be borrowed by the Public Service District will not exceed $600,000.00 at an interest rate not to exceed 0% and repayable over not more than forty (40) years. In addition, the Public Service District may borrow on an interim basis sums not to exceed the total borrowing for a period not to exceed 2 years at a rate not to exceed 10%.

The Public Service District properties to be constructed are:

Brooks/Barksdale:
12,800 L.F. of 8-inch Distribution Main
7,000 L. F. of 6-inch Distribution Main
2,000 L.F. of 2-inch Distribution Main
76 meters
60,000 gallon storage tank
Hydrants, valves, railroad and highway crossings and Meter Settings.

Pisgah Road:
21,400 L.F. of 10-inch Distribution Main
11,200 L.F. of 8-inch Distribution Main
3,800 L.F. of 6-inch Distribution Main
1,400 L.F. of 2-inch Distribution Main
63 meters
150,000 gallon storage tank
Hydrants, Valves, highway crossings, 20,000 gallon storage tank, 200 GPM booster station with prechlorination station and Meter Settings.

The areas to be served are the Brooks and Barksdale areas of Summers County, West Virginia, and the Pisgah Road area in Mercer County.

The District will operate and maintain the system through a written operation and maintenance agreement with West Virginia-American Water Company.

Oakvale Road Public Service District anticipates that the customers which will be served by the Mercer/Summers Regional Water Project will be charged not to exceed 10% over the following monthly rates:

Available for general domestic commercial and industrial service.

RATE

First 1,500 gallons used per month at the minimum charge
Next 28,000 gallons used per month $6.5659 per 1,000 gallons
Next 870,000 gallons used per month $4.2870 per 1,000 gallons
Next 8,100,000 gallons used per month $3.2938 per 1,000 gallons
All over 9,000,000 gallons used per month $2.4004 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 sum of the minimum charges for each of the individual meters:

3/4 inch meter or less*	$14.81 per month
1 inch meter	36.28 per month
1-1/2 inch meter	72.06 per month
2 inch meter	115.03 per month
3 inch meter	215.26 per month
4 inch meter	358.43 per month
6 inch meter	716.39 per month
8 inch meter	1,145.96 per month

INDICATES ADVANCE

All residential customers shall be served through 5/8" meter; provided, however, that the Public Service District may install a larger meter when reasonably necessary. This restriction shall not apply to residential meters currently in service.

Oakvale Road Public Service District will also charge a tap fee of $100.00 for preconstruction and $0.00 that will be charged to prospective customers who tap on to the water line after construction proceeds past their property boundary.

Formal application for a Certificate of Public Convenience and Necessity, approval of financing, approval of tap fees and rates and charges, and approval of the operation and maintenance agreement is expected to be filed with the Public Service Commission on or about November 15, 2001.

Oakvale Road Public Service District

CERTIFICATE OF PUBLICATION

State of West Virginia, } To-wit:—
County of Mercer,

I, Pamela J. Thompson of the Bluefield Daily Telegraph, a daily morning newspaper published in the City of Bluefield, Mercer County, West Virginia, do certify that the notice attached hereto under the caption;

was published in the said Bluefield Daily Telegraph
Two (2) Times
on the following days, namely: 11-02-01 & 11-09-01.

in the year XX 2001.

Publication Fee $156.07.

Pamela J. Thompson

Subscribed and sworn to before me this 6th day of November XX 2001.

My Commission expires Dec 16 19 2008

Teresa Thomas
Notary Public

AFFIDAVIT OF PUBLICATION

BECKLEY NEWSPAPERS INC.

BECKLEY, WEST VIRGINIA 25801

November 09, 2001

STATE OF WEST VIRGINIA
COUNTY OF RALEIGH, to wit:

I, Tara Meyer, being duly sworn upon my oath, do depose and say that I am Legal Clerk for Beckley Newspapers, Inc., a corporation, publisher of the newspaper entitled The Register-Herald, an Independent newspaper; that I have been duly authorized by the board of directors of such corporation to execute this affidavit of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published daily for at least fifty weeks during the calendar year, in the municipality of Beckley, Raleigh County, West Virginia; that such newspaper is a newspaper of "general circulation" as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of the aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price of consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices; that the annexed notice

of NOTICE
(Description of notice)

was duly published in said newspaper once a week for two successive weeks (Class 2), commencing with the issue of the 2nd day of November, 2001, and ending with the issue of the 9th day of November, 2001, (and was posted at the Raleigh County Courthouse on the 9th day of November, 2001); that said annexed notice was published on the following dates:

11/02/01,11/09/01

and that the cost of publishing said annexed notice as aforesaid was $ 174.54

Signed Tara Meyer
Tara Meyer
Legal Clerk
Beckley Newspapers

Taken, subscribed and sworn to before me in my said county this:
9th day of November, 2001

My commission expires March 27, 2011

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DIANA L. LOWE
BECKLEY NEWSPAPERS
P. O. BOX 2933
BECKLEY, WV 25802
My commission expires March 27, 2011

Notary Public of Raleigh County, West Virginia

NOTICE

Notice is hereby given pursuant to the requirements of W.Va. Code § 16-13A-25 and § 24-2-11 of the intention of the OAKVALE ROAD PUBLIC SERVICE DISTRICT, together with WEST VIRGINIA - AMERICAN WATER COMPANY, to file a joint application with the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity to construct additional water lines and appurtenances within the Mercer / Summers Regional Water Project to provide water service for the areas of Brooks and Barksdale in Summers County and the area near Pisgah Road in Mercer County, West Virginia. The project will provide service to approximately 76 new customers in Brooks / Barksdale and 63 new customers on Pisgah Road. The total project cost is estimated not to exceed $3,200,000.00 and will be financed as follows:

Small Cities Block Grant	$765,000.00
Appalachian Regional Commission	$500,000.00
West Virginia - American Water Co.	$83,500.00
Governor's Contingency Fund	$1,123,000.00
Loan:	
West Virginia Infrastructure and Jobs Development Council Loan	$558,620.00

The amount of money to be borrowed by the Public Service District will not exceed $600,000.00 at an interest rate not to exceed 0% and repayable over not more than forty (40) years. In addition, the Public Service District may borrow on an interim basis sums not to exceed the total borrowing for a period not to exceed 2 years at a rate not to exceed 10%.

The Public Service District properties to be constructed are:

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12,800 L.F. of 8 - inch Distribution Main
7,000 L.F. of 6 - inch Distribution Main
2,000 L.F. of 2 -inch Distribution Main
76 meters
60,000 gallon storage tank
Hydrants, Valves, railroad and highway crossings and Meter Settings

Pisgah Road:
21,400 L.F. of 10 - inch Distribution Main
11,200 L.F. of 8 - inch Distribution Main
3,800 L.F. of 6 0 inch Distribution Main
1,400 L.F. of 2 - inch Distribution Main
63 meters
150,000 gallon storage tank
Hydrants, Valves, highway crossings, 20,000 gallon storage tank, 200 GPM booster station with prechlorination station and Meter Settings.

The areas to be served are the Brooks and Barksdale areas of Summers County, West Virginia, and the Pisgah Road area in Mercer County.

The District will operate and maintain the system through a written operation and maintenance agreement with West Virginia - American Water Company.

Oakvale Road Public Service District anticipates that the customers which will be served by the Mercer / Summers Regional Water Project will be charged not to exceed 10% over the following monthly rates:

Available for general domestic, commercial and industrial service.

RATE

First 1,500 gallons used per month at the minimum charge;
Next 28,000 gallons used per month $6.5669 per 1,000 gallons;
Next 870,000 gallons used per month $4.2870 per 1,000 gallons;
Next 8,100,000 gallons used per month $3.2938 per 1,000 gallons;
All over 9,000,000 gallons used per month $2.4004 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*	$ 14.81 per month
1 inch meter	36.28 per month
1 1/2 inch meter	72.06 per month
2 inch meter	115.013 per month
3 inch meter	215.26 per month
4 inch meter	358.43 per month
6 inch meter	716.39 per month
8 inch meter	1,145.96 per month

INDICATES ADVANCE

* All residential customers shall be served through a 5/8" meter; provided, however, that the Public Service District may install a larger meter when reasonably necessary. This restriction shall not apply to residential meters currently in service.

Oakvale Road Public Service District will also charge a tap fee of $100.00 for preconstruction and $250.00 that will be charged to prospective customers who tap on to the water line after construction proceeds past their property boundary.

Formal application for a Certificate of Public Convenience and Necessity, approval of financing, approval of tap fees and rates and charges, and approval of the operation and maintenance agreement is expected to be filed with the Public Service Commission on or about November 15, 20001.

Oakvale Road Public Service District
11-6-TUE-2-RH; LG 2931

OAKVALE ROAD PUBLIC SERVICE DISTRICT

MINUTES OF ORGANIZATIONAL MEETING
FOR CALENDAR YEAR 2002

The undersigned Secretary of the Public Service Board of Oakvale Road 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 Oakvale Road Public Service District met in special session, pursuant to notice duly given, on the 29th day of May, 2002, at the offices of Region I Planning and Development Council, Princeton, West Virginia, at the hour of 10:00 a.m.

PRESENT:	Hillis Warren	- Chairman and Member
	Richard Nowlin	- Secretary and Member
	C.C. "Sonny" Elmore	- Treasurer and Member

ABSENT: None

Hillis Warren, Chairman, presided, and Richard Nowlin, 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 Board held its organizational meeting for the calendar year of 2002. The officers are as follows:

Chairman	-	Hillis Warren
Treasurer	-	C.C. "Sonny" Elmore
Secretary	-	Richard Nowlin

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

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 29th day of May, 2002.

Richard B Howlett

Secretary

05/28/02
667990.00001

CH527416.1

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A
(West Virginia Infrastructure Fund)

MINUTES ON ADOPTION OF BOND
RESOLUTION AND SUPPLEMENTAL RESOLUTION

The undersigned SECRETARY of the Public Service Board of Oakvale Road Public Service District, hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

*** *** ***

The Public Service Board of Oakvale Road Public Service District met in special session, pursuant to notice duly posted, on the 29th day of May, 2002, in Princeton, West Virginia, at the hour of 10:00 a.m.

PRESENT:	Hillis Warren	- Chairman and Member
	Richard Nowlin	- Secretary and Member
	Sonny Elmore	- Treasurer and Member

ABSENT: None.

Ronnie Stump, Chairman, presided, and Hillis Warren, acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF OAKVALE ROAD PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $558,620 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A
(West Virginia Infrastructure Fund)

MINUTES ON ADOPTION OF BOND
RESOLUTION AND SUPPLEMENTAL RESOLUTION

The undersigned SECRETARY of the Public Service Board of Oakvale Road Public Service District, hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

*** *** ***

The Public Service Board of Oakvale Road Public Service District met in special session, pursuant to notice duly posted, on the 29th day of May, 2002, in Princeton, West Virginia, at the hour of 10:00 a.m.

PRESENT:	Hillis Warren	- Chairman and Member
	Richard Nowlin	- Secretary and Member
	Sonny Elmore	- Treasurer and Member

ABSENT: None.

Ronnie Stump, Chairman, presided, and Hillis Warren, acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF OAKVALE ROAD PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $558,620 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2002 A (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 A LOAN AGREEMENT 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 Bond Resolution be adopted and be in full force and effect on and from the date hereof.

The Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF OAKVALE ROAD PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING A LETTER OF CREDIT TO ADDITIONALLY SECURE THE BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the 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.

CERTIFICATION

I hereby certify that the foregoing action of Oakvale Road Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 4th day of June, 2002.

Richard B Nowlin

Secretary

05/2802
667990.00001

WV MUNICIPAL BOND COMMISSION
812 Quarrier Street
Suite 300
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: June 4, 2002

(See Reverse for Instructions)

ISSUE: Oakvale Road Public Service District Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 1061, Princeton, WV 24740 COUNTY: Mercer

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: _____

ISSUE DATE: June 4, 2002

CLOSING DATE: June 4, 2002

ISSUE AMOUNT: $558,620

RATE: 0%

1ST DEBT SERVICE DUE: $3,491.38

1ST PRINCIPAL DUE: September 1, 2002

1ST DEBT SERVICE AMOUNT: $ 3,491.38

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esquire
Phone: 304.624.8161

UNDERWRITERS COUNSEL: Jackson & Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: 304.340.1318

CLOSING BANK: Branch Banking and Trust Company
Contact Person: Ken Collis
Phone: 304.487.5900

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Lyle Huntington
Position: General Manager
Phone: 304.487.2750

OTHER: WV Infrastructure and Jobs Development Council
Contact Person: Katy Mallory
Function: Executive Director
Phone: 304.558.4607

DEPOSITS TO MBC AT CLOSE:
By: _____ Wire
_____ Check

____ Accrued Interest: $_____
____ Capitalized Interest: $_____
__X__ Reserve Account: $ $27,931 (Letter of Credit)
____ Other: _____ $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire
_____ Check
_____ IGT

____ To Escrow Trustee: $_____
____ To Issuer $_____
____ To Cons. Invest. Fund $_____
____ To Other: _____ $_____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Branch Banking and Trust Company, Princeton, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution and a Supplemental Resolution of Oakvale Road Public Service District (the "Issuer"), both adopted May 29, 2002 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated June 4, 2002, issued in the principal amount of $558,620 (the "Bonds"), as set forth in the Bond Legislation.

WITNESS my signature on this 4th day of June, 2002.

BRANCH BANKING AND TRUST COMPANY

Authorized Officer

05/20/02
667990.00001

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Oakvale Road Public Service District Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated June 4, 2002, issued in the principal amount of $558,620 (the "Bonds"), and agrees to perform all duties of Registrar in connection with such Bonds, as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 4th day of June, 2002.

BRANCH BANKING AND TRUST COMPANY

Assistant Vice President

05/20/02
667990.00001

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of Oakvale Road Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Oakvale Road Public Service District Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), of the Issuer, dated June 4, 2002, in the principal amount of $558,620, numbered AR-1, is 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 Branch Banking and Trust Company, as Registrar.

WITNESS my signature on this 4th day of June, 2002.

BRANCH BANKING AND TRUST COMPANY

Assistant Vice President

05/20/02
667990.00001

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2002 A
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 4th day of June, 2002, by and between OAKVALE ROAD PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $558,620 Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to a Bond Resolution adopted May 29, 2002, and a Supplemental Resolution adopted May 29, 2002 (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, 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: Oakvale Road Public Service District
Post Office Box 1061
Princeton, West Virginia 24740
Attention: Chairman

REGISTRAR: Branch Banking and Trust Company
Post Office Box 1793
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.

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.

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Hillis Warren
Chairman

BRANCH BANKING AND TRUST COMPANY

Assistant Vice President

05/20/02
667990.00001

EXHIBIT A

[Included in transcript as Document No. 1]

SCHEDULE OF COMPENSATION

BB&T

Branch Banking & Trust Co.

Trust Department
300 Summers Street
P.O. Box 1793
Charleston, WV 25326
(304) 348-7081
(800) 336-5450

June 4, 2002

Oakvale Road Public Service District
Attention: Chairman

RE: Invoice

OAKVALE ROAD PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2002 (West Virginia Infrastructure Fund)

ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENTICATING AGENT.....$250.00

Please forward remittance to:

Branch Banking and Trust Co.
Attn: Charlotte S. Morgan
P. O. Box 1793
Charleston WV 25326
Telephone: (304) 348-7239

BB&T

Branch Banking & Trust Co.

Trust Department
300 Summers Street
P.O. Box 1793
Charleston, WV 25326
(304) 348-7081
(800) 336-5450

June 4, 2002

Oakvale Road Public Service District
Attention: Chairman

RE: Invoice

OAKVALE ROAD PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2002 (West Virginia Infrastructure Fund)

ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENTICATING AGENT.....$250.00

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OAKVALE ROAD PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 1996
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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OAKVALE ROAD PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE REFUNDING OF THE ISSUER'S WATERWORKS FACILITIES BOND AND GRANT ANTICIPATION NOTES, SERIES 1996, AND THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF OAKVALE ROAD PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $12,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1996 (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 A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; PROVIDING FOR INTERIM CONSTRUCTION FINANCING; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF OAKVALE ROAD PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

B. The Issuer presently owns and operates certain limited waterworks facilities serving the "Hall's Ridge Road" area of Mercer County, West Virginia, and wishes to expand its water services to other areas of Mercer and Summers Counties,

West Virginia. Accordingly, the Issuer has entered into an Agreement, dated May 8, 1995, as amended (the "Agreement") between the Issuer and West Virginia-American Water Company (the "Company") whereby the Company has agreed to acquire and construct a new water treatment plant, raw water intake structure, raw water line and appurtenant facilities and the Issuer has agreed to acquire and construct a water main and certain water distribution lines to be supplied by the water treatment plant to be built by the Company, all for the purpose of providing water to approximately 15,000 customers in Summers and Mercer Counties, West Virginia.

C. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain waterworks facilities of the Issuer, consisting of a water distribution main line, sidelines, pumps and related water distribution facilities in Mercer and Summers Counties, together with all appurtenant facilities (collectively, the "Project"), which constitute public service properties for the supplying of water services (the existing public waterworks facilities, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

D. The Issuer has heretofore temporarily financed a portion of the costs of acquisition and construction of a portion of the Project with the proceeds of its Waterworks Facilities Bond and Grant Anticipation Notes, Series 1996, issued on February 15, 1996, in the original principal amount of $12,600,000, of which $8,585,851.96 principal amount remains outstanding (the "Notes"). The Issuer intends to pay a portion of the outstanding principal of and interest accrued on the Notes with a portion of the proceeds of the Series 1996 Bonds (as hereinafter defined) to be sold to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Infrastructure Fund pursuant to the Act. The Issuer intends to repay the remaining outstanding principal of and interest accrued on the Notes with a portion of the proceeds of its Construction Notes (as hereinafter defined). The Issuer also intends to permanently finance a portion of the remaining costs of acquisition and construction of the Project from the balance of proceeds of the Series 1996 Bonds.

E. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), in the total aggregate principal amount of not more than $12,700,000 (the "Series 1996 Bonds"), to be initially represented by a single bond, to pay a portion of the outstanding principal of and interest accrued on the Notes and to permanently finance a portion of the costs of acquisition and construction of the Project not previously paid from proceeds of the Notes. 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 refunding the Notes; the cost of all property rights, easements and franchises deemed necessary or convenient therefor; 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; discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1996 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 1996 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

G. It is in the best interests of the Issuer that its Series 1996 Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, to be approved hereby if not previously approved by resolution of the Issuer.

H. There are no outstanding bonds or obligations of the Issuer which will rank either prior to or on a parity with the Series 1996 Bonds as to liens, pledge, source of and security for payment. However, the Issuer intends to obtain a revolving line of credit from a bank or other financial institution in an amount not to exceed $3,000,000, and to maintain such line of credit until the Project is complete. Costs of the Project will be paid initially through a draw upon such revolving line of credit, and proceeds of the Series 1996 Bonds will thereafter be applied to reimbursement of such draw and interest accrued thereon. The Issuer also contemplates issuance of the Series 1997 Bonds at a later date. When issued, the Series 1997 Bonds will be on a parity with the Series 1996 Bonds. Repayment of the line of credit will be made from proceeds of the Series 1996 Bonds, proceeds of the Series 1997 Bonds and the Grants.

I. The Issuer will receive all of its revenues under and pursuant to the Agreement, and is not expected to have any other source of revenues. The revenues to be paid by the Company to the Issuer under the Agreement at all times will be sufficient to pay all costs of operation and maintenance of said System not otherwise paid by the Company, to pay the principal of and interest on the Series 1996 Bonds (and the Series 1997 Bonds, when issued), and to make payments into all funds and accounts and other payments provided for herein, all as such terms are hereinafter defined.

J. In lieu of a funded debt service reserve, the Company has agreed to provide a Letter of Credit in the amount of $1,093,391.20, for the benefit of the Authority, to be drawn upon in the event that at any time payments under the Agreement are inadequate to provide funds for the District to make all payments required hereunder.

K. 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 1996 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, if necessary, 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 1996 Bonds or such final order will not be subject to appeal or rehearing.

L. Pursuant to the Act, the West Virginia Infrastructure and Jobs Development Council (the "Council") has approved the Project and has authorized the Authority to make a loan to the Issuer from the West Virginia Infrastructure Fund.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1996 Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 1996 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Agreement" means the Agreement, dated May 8, 1995, by and between the Issuer and the Company, as it may be amended from time to time.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1996 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 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.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

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

"Bond Legislation," "Resolution," "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 1996 Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 1996 Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1996 Bonds from the Authority.

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

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

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

"Construction Notes" means the Issuer's Waterworks Facilities Construction Notes, Series 1996, to be issued and dated concurrently with the Series 1996 Bonds, in the maximum aggregate principal amount of $3,000,000.

"Consulting Engineers" means Stafford Consultants, Princeton, West Virginia, or any qualified engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof; provided however,

that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

"Council" means the West Virginia Infrastructure and Jobs Development Council or any successor thereto.

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

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

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

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

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

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

"Letter of Credit" means the Letter of Credit No. 96064, issued December 4, 1996, in the stated amount of $1,093,391.20, by One Valley Bank, National Association, Charleston, West Virginia, for the benefit of the Authority.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into between the Authority and the Issuer, providing for the purchase of the Series 1996 Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 1996 Bonds, plus accrued interest and premium, if any.

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

"Notes" means the Issuer's Waterworks Facilities Bond and Grant Anticipation Notes, Series 1996, issued on and dated February 15, 1996, in the form of a line of credit in the original principal amount of not to exceed $12,600,000.

"Notes Resolution" means collectively, the Notes Resolution adopted by the Issuer on February 13, 1996, as supplemented and amended by the Supplemental and Amendatory Notes Resolution, adopted by the Issuer concurrently herewith, authorizing issuance of the Construction Notes.

"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 such other entity or authority as may be designated as a Paying Agent for the Series 1996 Bonds by the Issuer in the Supplemental Resolution.

"Project" means the acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer, consisting of a water distribution main line, sidelines, pumps and related water distribution facilities in Mercer and Summers Counties, together with all appurtenant facilities, and including items Nos. 1 through 10, as set forth in EXHIBIT A to the Notes Resolution.

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

(a) Government Obligations;

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

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

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

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

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

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

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

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are

rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

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

"Registrar" means the Bond Registrar.

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

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

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

"Series 1996 Bonds" means the not more than $12,700,000 in aggregate principal amount of Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 1996 Bonds Sinking Fund" means the Series 1996 Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1997 Bonds" means the Water Revenue Bonds, Series 1997 (West Virginia Infrastructure Fund) anticipated to be issued in 1997 in the aggregate principal amount of approximately $2,000,000, to pay the District's share of funding for additional waterworks facilities for the System, which are currently under design, but for which construction will not commence until 1997. The Series 1997 Bonds will be issued on a parity with the Series 1996 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 1996 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 1996 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 including any reserve account which may hereafter be established.

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

"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 neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $17,680,318, 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 1996 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and has entered into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Council.

The cost of the Project is estimated not to exceed $17,680,318, of which approximately $12,700,000 will be obtained from proceeds of the Series 1996 Bonds, $990,318 from a grant by the Appalachian Regional Commission, $3,000,000 from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia), and $990,000 from a grant by the United States Economic Development Administration.

The Issuer also contemplates the issuance of its Series 1997 Bonds to fund the local share portion of the costs of additional water distribution lines for the System. In the event the Series 1997 Bonds are not issued, the facilities to be funded thereby will not be acquired or constructed, but failure to issue the Series 1997 Bonds will have no effect on the Project, the adequacy of payments to be paid by the Company to the Issuer under the Agreement or the resulting ability of the Issuer to pay the principal of and interest on the Series 1996 Bonds.

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 refunding a portion of the Notes, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 1996 Bonds of the Issuer. The Series 1996 Bonds shall be issued as a single bond, designated "Water Revenue Bond, Series 1996 (West Virginia Infrastructure Fund)", in the principal amount of not more than $12,700,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1996 Bonds remaining after refunding a portion of the Notes shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 1996 Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1996 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1996 Bonds shall be paid by check or draft of the Paying Agent or its 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 1996 Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 1996 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1996 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. The Series 1996 Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from the date so specified therein.

Section 3.03. Execution of Bonds. The Series 1996 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 1996 Bonds shall cease to be such officer of the Issuer before the Series 1996 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 1996 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 1996 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 1996 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 1996 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 1996 Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1996 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 1996 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 1996 Bonds or transferring the registered Series 1996 Bonds are exercised, all Series 1996 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 1996 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 1996 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 1996 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 1996 Bonds or, in the case of any proposed redemption of Series 1996 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 1996 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 Bond 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 1996 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. The Issuer has no taxing power.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all Series 1996 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 on and other payments for the Series 1996 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 1996 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate,

register and deliver the Series 1996 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 1996 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 1996 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 Letter of Credit; and

F. The unqualified approving opinion of bond counsel on the Series 1996 Bonds.

Section 3.10. Form of Series 1996 Bonds. The text of the Series 1996 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 1996 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OAKVALE ROAD PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 1996
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1 $12,700,000

KNOW ALL MEN BY THESE PRESENTS: That Oakvale Road Public Service District, a public corporation and political subdivision of the State of West Virginia in Mercer and Summers Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWELVE MILLION SEVEN HUNDRED THOUSAND DOLLARS ($12,700,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1997, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on the unpaid principal balance at the rate per annum set forth on said EXHIBIT B. The interest on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1997, as set forth on EXHIBIT B attached hereto.

On February 20, 1997, the Authority will determine the amount of principal advanced hereunder, will calculate the quarterly installments of principal of and interest hereon to be paid on June 1, September 1 and December 1, 1997, and will attach a new EXHIBIT B reflecting such amounts, hereto. On December 20, 1997, the Authority will redetermine the amount of principal advanced hereunder, will recalculate the quarterly installments of principal of and interest hereon to be paid on March 1, 1998, and each quarter thereafter, until the maturity hereof and will attach a new EXHIBIT B reflecting such amounts, hereto. If not previously paid, all principal of and interest on this Bond shall be payable on December 1, 2036.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed

to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, dated December 4, 1996.

This Bond is issued (i) to refund a portion of the Issuer's Waterworks Facilities Bond and Grant Anticipation Notes, Series 1996, dated February 15, 1996 (the "Notes"), heretofore issued to temporarily finance a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); (ii) to pay a portion of the costs of acquisition and construction of the Project not previously paid from proceeds of the Notes; 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 extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on December 4, 1996, and a Supplemental Resolution duly adopted by the Issuer on December 4, 1996 (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 Series 1996 Bonds under the Bond Legislation.

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, unexpended proceeds of the Bonds and proceeds of the Letter of Credit No. 96064, issued December 4, 1996, in the stated amount of $1,093,391.20, by One Valley Bank, National Association, Charleston, West Virginia, for the benefit of the Authority. (the "Letter of Credit"). 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, 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 not otherwise paid, 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 prior to or on a parity with the Bonds. 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 provisions of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

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 refund the Notes, pay 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 have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the 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, OAKVALE ROAD 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 December 4, 1996.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1996 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: _____, 1996.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1996 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule A" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Interim Construction Financing. In order to pay the balance of the Notes outstanding not being paid from proceeds of the Series 1996 Bonds, certain Costs of the Project and costs of additional waterworks facilities for the System pending receipt of proceeds of the Grants and advances of principal of the Series 1996 Bonds and the Series 1997 Bonds, the Issuer will issue and sell its interim construction notes in an aggregate principal amount not to exceed $3,000,000 (the "Construction Notes"). The Notes shall be in the form of a revolving line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into a loan agreement or similar agreement with such commercial bank or other lender. 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 Notes Resolution.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 1996 Bonds, proceeds of the Series 1997 Bonds and the Grants. 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 Issuer has no taxing power). 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 Net Revenues except as set forth herein.

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund; and

(2) Bond Construction Trust Fund

Section 5.02. Establishment of Funds and Accounts with Commission. The following special fund is 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 1996 Bonds Sinking Fund.

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 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, commencing 3 months prior to the first date of payment of interest on the Series 1996 Bonds for which interest has not been capitalized or as required in the Loan Agreement, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1996 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 1996 Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1996 Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly

interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Series 1996 Bonds, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1996 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1996 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 1996 Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

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

(5) So long as the Letter of Credit is in place no debt service reserve fund shall be required for the Series 1996 Bonds. However, in the event the Letter of Credit is terminated or the amount payable thereunder is reduced, the Issuer may, at the option of the Council, be required to establish a debt service reserve fund for the Series 1996 Bonds, in an amount to be determined by the Council.

Moneys in the Series 1996 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1996 Bonds as the same shall become due. All investment earnings on moneys in the Series 1996 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 Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1996 Bonds and then to the next ensuing principal payment due thereon.

As and when additional Bonds ranking on a parity with the Series 1996 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 Bonds.

The Issuer shall not be required to make any further payments into the Series 1996 Bonds Sinking Fund when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1996 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1996 Bonds Sinking Fund created hereunder, and all amounts required for said account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Moneys in the Series 1996 Bonds Sinking Fund shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof. The Series 1996 Bonds Sinking Fund shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1996 Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if 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 1996 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.

C. 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, fees and expenses then due.

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

E. 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.

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

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

H. All Tap Fees, if any, received by the Issuer shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 1996 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1996 Bonds, there shall first be paid to the Holders of the Notes the sum of $8,470,686.40, being a portion of the outstanding principal of the Notes and the interest accrued thereon.

B. Next, from the proceeds of the Series 1996 Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all other borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project and any borrowings by the Issuer from the Authority, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1996 Bonds, such moneys shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project or repayment of Construction Notes in the manner set forth in Section 6.02 hereof.

D. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1996 Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. The Issuer shall, by the 15th day of each month, provide the Council with a requisition for the costs incurred for the Project, together with documentation as to payment of such costs from proceeds of the Construction Notes and such other documentation as the Council shall require. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund (except for the costs of issuance of the Bonds hereby authorized, which shall be made upon request of the Issuer) shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer, the Consulting Engineers and an appropriate official of Region I Planning and Development Council, stating:

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

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

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

(D) That payment for each of the items proposed has either been made from proceeds of the Construction Notes or is then due and owing.

All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund.

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1996 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 1996 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 1996 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1996 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 1996 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1996 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 1996 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Series 1996 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 February 5, 1996, in Case No. 94-0098-W-PWD-PC-CN and such rates are hereby ratified.

Section 7.05. Sale of the System. So long as the Series 1996 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease the pledge created by this Bond Legislation 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 1996 Bonds, immediately be remitted to the Commission for deposit in the Series 1996 Bonds Sinking Fund and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Series 1996 Bonds. Any balance remaining after the payment of all the Series 1996 Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $50,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue 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 $50,000 but not in excess of $200,000, the Issuer shall first, in writing, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and the Governing Body may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $50,000 and not in excess of $200,000, shall, with the written consent of the Authority and the Council, be remitted by the Issuer to the Commission for deposit in the Series 1996 Bonds Sinking Fund. Such payment of such proceeds into the Series 1996 Bonds Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this 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 $200,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of 66 2/3% in amount 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 for in this Section 7.06 and in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1996 Bonds. All obligations issued by the Issuer after the issuance of the Series 1996 Bonds and payable from the revenues of the System, except Parity Bonds issued under the conditions set forth in Section 7.07 hereof, 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 1996 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 in Section 7.07 hereof, 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 1996 Bonds, and the interest thereon, upon any or all of the income and revenues of the System pledged for payment of the Series 1996 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority and the 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 for the System, 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 1996 Bonds pursuant to this Bond Legislation, except upon written consent thereto by the Authority and the Council.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1996 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions, additions, betterments or improvements to the System, paying claims against the Issuer or refunding the Series 1996 Bonds issued pursuant hereto, or any combination of such purposes.

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 the revenues of the System is subject to the prior and superior lien of the Series 1996 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1996 Bonds.

Section 7.08. Books; Records and Facilities. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority or its 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 Council such documents and information as it may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds 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 Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the

accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Council and the Authority, or any other original purchaser of the Series 1996 Bonds, and shall mail in each year to any Holder or Holders of the Series 1996 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 payable from the revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants 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 1996 Bonds and shall submit said report to the Authority and the Council, or any other original purchaser of the Series 1996 Bonds. Such audit report submitted to the Authority and the Council, shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

The Issuer shall permit the Authority and the Council, or their respective 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 respective agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from 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 reductions 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 1996 Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1996 Bonds. The Issuer shall not reduce the rates or charges for services set forth in the rate Resolution described in Section 7.04.

Section 7.10. Operating Budget; Audit and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, or to any Holder of the Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement as Exhibit C, and forward a copy of such report to the Authority and the Council by the 15th 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 Council, the Project is adequate for the purposes for which it was designed, the

funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

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 sewer 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 sewer facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the sewer service 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 1996 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

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

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

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

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

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

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the West Virginia Public Service Commission for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement and shall, by Supplemental Resolution, approve such additional terms and conditions set forth in the Loan Agreement. The Issuer also 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 acquisition and construction of the Project and the operation, maintenance and use of the System. The Issuer shall provide the Council with copies of all documents submitted to the Authority.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1996 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 1996 Bonds.

Section 7.20. 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 (17CFR Part 240).

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often if reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 1996 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 1996 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 1996 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 1996 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1996 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, the Paying Agent 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 Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding, enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including, but not limited to, the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action at law or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the

System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 1996 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then 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 1996 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1996 Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1996 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1996 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1996 Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1996 Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1996 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1996 Bonds, no material modification or amendment of this Resolution, or of any resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 1996 Bonds, shall be made without the consent in writing of the Registered Owners of 66 2/3% or more in principal amount of the Series 1996 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 1996 Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 1996 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 1996 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 1996 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 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:

Oakvale Road Public Service District
Post Office Box 1061
Athens Road
Princeton, West Virginia 24740
Attention: Manager

COMPANY:

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

AUTHORITY:

Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064
Attention: Executive Director

COUNCIL:

West Virginia Infrastructure Council
1320 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 Council hereunder, shall also be sent to the Authority.

Section 11.06. Conflicting Provisions Repealed. All orders and 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, the 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 hereof.

Adopted this 4th day of December, 1996.

Chairman

CERTIFICATION

Certified a true copy of a Resolution duly enacted by the Public Service Board of OAKVALE ROAD PUBLIC SERVICE DISTRICT on the 4th day of December, 1996.

Dated: December 4, 1996.

[SEAL]

Hillis Warren
Secretary

12/02/96
OVJ.A7
667990/96001

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1996
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1996 (WEST VIRGINIA INFRASTRUCTURE FUND), OF OAKVALE ROAD PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; AUTHORIZING AND APPROVING THE OPERATING AGREEMENT ENTERED INTO BY AND BETWEEN THE DISTRICT AND WEST VIRGINIA-AMERICAN WATER COMPANY; APPROVING A LETTER OF CREDIT TO ADDITIONALLY SECURE THE BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Oakvale Road Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective December 4, 1996 (the "Bond Resolution" or the "Resolution") entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE ISSUER'S WATERWORKS FACILITIES BOND AND GRANT ANTICIPATION NOTES, SERIES 1996, AND THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF OAKVALE ROAD PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $12,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1996 (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 A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS PROVIDING FOR INTERIM CONSTRUCTION FINANCING; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), of the Issuer (the "Bonds" or the "Series 1996 Bonds"), in an aggregate principal amount not to exceed $12,700,000, and has authorized the execution and delivery of a loan agreement relating to the Bonds (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement and 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 and that the Loan Agreement be approved and entered into by the Issuer, that the Agreement between the Issuer and West Virginia-American Water Company, as amended, be approved and authorized by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provisions, the interest rate, the interest and principal payment dates and the sale

price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF OAKVALE ROAD PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of $12,700,000. The Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2036, and shall bear interest at the rate of 3.0% per annum. Principal of and interest on the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 1997, and ending December 1, 2036, and in the amounts as set forth in "Schedule X" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The initial "Schedule X" shall reflect the full principal amount of the Bonds, being $12,700,000. On February 20, 1997 and December 20, 1997, "Schedule X" will be amended to reflect the actual principal amounts advanced as of such dates. The Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Bonds.

On February 20, 1997, the Authority shall determine the amount of principal advanced under the Bonds, and shall calculate the quarterly installments of principal of and interest hereon to be paid on June 1, September 1 and December 1, 1997. On December 20, 1997, the Authority shall redetermine the amount of principal advanced under the Bonds, and shall recalculate the quarterly installments of principal of and interest on the Bonds to be paid on March 1, 1998, and each quarter thereafter, until the maturity thereof. If not previously paid, all principal of and interest on the Bonds shall be payable on December 1, 2036.

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

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

Section 4. The Issuer does hereby approve the Letter of Credit and the issuance of the Letter of Credit in lieu of a funded debt service reserve fund for the Bonds, and acknowledges that the Authority may hereafter require that a debt service reserve account be established and funded in the event the Letter of Credit is reduced or terminated;

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

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

Section 7. The Issuer does hereby appoint One Valley Bank of Mercer County, Princeton, West Virginia, as Depository Bank under the Bond Resolution.

Section 8. Series 1996 Bonds proceeds in the amount of $8,470,686.40 shall be deposited in the Bond Construction Trust Fund and immediately applied to pay a portion of the outstanding principal of and interest accrued on the Issuer's Waterworks Facilities Bond and Grant Anticipation Notes, Series 1996 (the "Notes"), heretofore issued to temporarily finance a portion of the costs of acquisition and construction of the Project. (The balance of the principal of and interest accrued on the Notes, being $217,170.30, are to be paid concurrently from proceeds of the Construction Notes.)

Section 9. Series 1996 Bonds proceeds in the amount of $ -0- shall be deposited in the Series 1996 Bonds Sinking Fund as capitalized interest.

Section 10. The balance of the proceeds of the Bonds shall be deposited in the Bond Construction Trust Fund as received from time to time for payment of Costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 11. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond 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 December 4, 1996.

Section 12. 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 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or in 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 and/or time accounts, until further directed by the Issuer. Moneys in the Series 1996 Bonds Sinking Fund shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. The Issuer is hereby authorized and approval is given, if such authorization and approval has not previously been given, to enter into the Agreement with West Virginia-American Water Company, whereby West Virginia-American Water Company will operate and maintain the System for the Issuer.

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

Adopted this 4th day of December, 1996.

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of OAKVALE ROAD PUBLIC SERVICE DISTRICT on the 4th day of December, 1996.

Dated: December 4, 1996.

[SEAL]

Dillis Warren
Secretary, Public Service Board

12/02/96
OVJ.B4
667990/96001

OAKVALE ROAD PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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OAKVALE ROAD PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF OAKVALE ROAD PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,268,489 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1999 A (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 A LOAN AGREEMENT 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 OAKVALE ROAD 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"), supplemental to the Prior Resolution (as hereinafter defined), is adopted pursuant to the provisions of Chapter 16, Article 13A 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. Oakvale Road Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Mercer and Summers Counties 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 facilities of the Issuer, consisting of a water storage tank, waterlines, valves, hydrants, air release, vacuum valves, service lines, meter settings and booster station, together with all appurtenant facilities (collectively, the "Project") (the existing public waterworks facilities, 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 Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $1,268,489 (the "Series 1999 A 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 1999 A 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; 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, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1999 A 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 1999 A 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 1999 A 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"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 1999 A Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), dated December 4, 1996, issued in the original aggregate principal amount of $12,700,000 (the "Prior Bonds").

The Series 1999 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 1999 A Bonds, the Issuer will obtain the written consent of the Holders of the Prior Bonds to the issuance of the Series 1999 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

The Issuer has heretofore temporarily financed a portion of the costs of acquisition and construction of the Project with proceeds of its Waterworks Facilities Bond and Grant Anticipation Notes, Series 1999 A, dated January 26, 1999, issued in the original principal amount of $1,500,000 (the "Notes"). The Issuer intends to pay a portion of the outstanding principal of and interest accrued on the Notes with a portion of the proceeds of the Series 1996 Bonds and the Series 1999 A Bonds. The Notes are not payable from Net Revenues of the System.

H. The Issuer will receive all of its revenues under and pursuant to an Agreement, dated May 8, 1995, 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 on the Series 1999 A Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. In lieu of funding a debt service reserve account, the Company will provide a Letter of Credit in the amount of $110,216, for the benefit of the Authority, 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 provide a Letter of Credit, the Issuer shall obtain a Letter of Credit or fund a debt service reserve account.

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 1999 A 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 1999 A 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 1999 A 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 1999 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Agreement" means initially, the Agreement, dated May 8, 1995, 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 1999 A 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 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 1999 A Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 1999 A Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1999 A 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.

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

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

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

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

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

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

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

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

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

"Letter of Credit" means initially, the Letter of Credit in the stated amount of $110,216, from One Valley Bank, National Association, Charleston, West Virginia, for the benefit of the Authority, and any subsequent replacement or renewal Letter of Credit.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 1999 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 1999 A 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.

"Notes" means the Issuer's Waterworks Facilities Bond and Grant Anticipation Notes, Series 1999 A, dated January 26, 1999, issued in the original principal amount of $1,500,000.

"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 or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, 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; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity designated as such for the Series 1999 A Bonds in the Supplemental Resolution.

"Prior Bonds" means the Issuer's Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), described in Section 1.02G hereof.

"Prior Resolution" means, collectively, the resolution of the Issuer duly adopted December 4, 1996, as supplemented by the supplemental resolution of the Issuer duly adopted December 4, 1996, authorizing the Prior Bonds.

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

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

(a) Government Obligations;

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

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

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

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia 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.

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

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

"Series 1999 A Bonds" means the Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 1999 A Bonds Construction Trust Fund" means the Series 1999 A Bond Construction Trust Fund established by Section 5.01 hereof.

"Series 1999 A Bonds Sinking Fund" means the Series 1999 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 1999 A 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 1999 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 1999 A Bonds, and not so included, may be included in another Supplemental Resolution.

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

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

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

"West Virginia 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 $1,592,739, 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 1999 A 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, compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated to be $1,592,739, of which $1,268,489 will be obtained from proceeds of the Series 1999 A Bonds and $324,250 will be obtained from the remaining proceeds of the Series 1996 Bonds.

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 1999 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1999 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 1999 A Bonds of the Issuer. The Series 1999 A Bonds shall be issued as a single bond, designated "Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $1,268,489, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1999 A Bonds remaining after capitalizing interest on the Series 1999 A Bonds, if any, shall be deposited in or credited to the Series 1999 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 1999 A Bonds shall be issued in such principal amounts; shall bear interest 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 1999 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1999 A Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1999 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 1999 A Bonds. The Series 1999 A 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 1999 A 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 1999 A Bonds shall cease to be such officer of the Issuer before the Series 1999 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1999 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1999 A 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 1999 A 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 1999 A 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 1999 A 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 1999 A 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 1999 A 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 1999 A 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 1999 A 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 1999 A 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 1999 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1999 A 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 1999 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holder of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1999 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1999 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1999 A 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 1999 A 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 1999 A 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 1999 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 1999 A 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
OAKVALE ROAD PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1999 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That OAKVALE ROAD PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Mercer and Summers Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of 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 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 _____, 199___.

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 facilities 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 facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (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 1996 (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 4, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,700,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, 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 Prior Bonds. 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 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, OAKVALE ROAD PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 199__.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1999 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: _____, 199____.

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

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1999 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the Council a schedule in substantially the form attached to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (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); and

(2) Series 1999 A 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 1996 Bonds Sinking Fund (established by the Prior Resolution);

(2) Series 1999 A Bonds Sinking Fund; and

(3) Series 1999 A Bonds Reserve Account (to be funded from proceeds of the Letter of Credit in the event it is drawn).

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) for deposit in the Series 1996 Bonds Sinking Fund, the amounts required by the Prior Resolution to pay the interest on and the principal of the Prior Bonds; (ii) commencing 3 months prior to the first date of payment of interest on the Series 1999 A Bonds, for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 1999 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 1999 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1999 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 1999 A Bonds, for deposit in the Series 1999 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1999 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 1999 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.

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

(4) So long as the Letter of Credit is in place, no debt service reserve account shall be required for the Series 1999 A Bonds. However, in the event the Letter of Credit is terminated or the amount payable thereunder is reduced, the Issuer shall be required to establish the Series 1999 A Bonds Reserve Account for the Series 1999 A Bonds, in compliance with the requirements of the Loan Agreement, unless waived by the Council.

(5) So long as the Letter of Credit is in place, no renewal and replacement fund shall be required for the Series 1999 A Bonds. However, in the event the Letter of Credit is terminated or the amount payable thereunder is reduced, the Issuer shall be required to establish a Renewal and Replacement Fund for the Series 1999 A Bonds, in compliance with the requirements of the Loan Agreement, unless waived by the Council.

Moneys in the Series 1999 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1999 A Bonds, as the same shall become due.

All investment earnings on moneys in the Series 1999 A Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 1999 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1999 A Bonds and then to the next ensuing principal payment due thereon.

As and when additional Bonds ranking on a parity with the Series 1999 A 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 1999 A Bonds Sinking Fund when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1999 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest 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 Prior Bonds and the Series 1999 A 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 1999 A Bonds Sinking Fund 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 1999 A Bonds Sinking Fund shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1999 A Bonds Sinking Fund shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1999 A Bonds Outstanding 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 1999 A 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.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement for the Series 1999 A Bonds, 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 1999 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1999 A Bonds, there shall first be deposited with the Commission in the Series 1999 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 1999 A Bonds for the period commencing on the date of issuance of the Series 1999 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1999 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 1999 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 1999 A Bonds.

C. 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 1999 A Bonds shall be applied as directed by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund. 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 1999 A Bonds Construction Trust Fund (except for the costs of issuance of the Series 1999 A Bonds which shall be made upon request of the Issuer) shall be made only after submission to, and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, moneys in the Series 1999 A Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1999 A 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 1999 A 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 1999 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1999 A 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 1999 A Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1999 A Bonds or the interest 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 1999 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holder of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 1999 A 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 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 February 5, 1996, in Case No. 94-0098-W-PWD-PC-CN.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolution. Additionally, so long as the Series 1999 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or

other disposition of the System shall, with respect to the Series 1999 A Bonds, immediately be remitted to the Commission for deposit in the Series 1999 A Bonds Sinking Fund, and, with the written permission of the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 1999 A Bonds. Any balance remaining after the payment of the Series 1999 A Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $50,000, 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 $50,000 but not in excess of $200,000, 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 $50,000 and not in excess of $200,000, shall, with the consent of 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 $200,000 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 1999 A Bonds. All obligations issued by the Issuer after the issuance of the Series 1999 A 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 1999 A 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 1999 A 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 1999 A 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 Council prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1999 A Bonds, except with the prior written consent of the Authority and the Council (unless less restrictive then the provisions of the Prior Resolution).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1999 A 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.

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 1999 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1999 A 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 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 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 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 Authority, or any other original purchaser of the Series 1999 A Bonds, and shall mail in each year to any Holder or Holders of the Series 1999 A 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 1999 A Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 1999 A Bonds. Such audit report submitted to 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.

The Issuer shall permit 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 Authority and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 1999 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 100% of the maximum amount required in any year for payment of principal of and interest on the Series 1999 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1999 A Bonds, including the Prior Bonds. In the event the Agreement is no longer in place, the Issuer shall comply with the requirements of Section 4.1(b)(ii) 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 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 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 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 and the Council by the 15th 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 Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

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 1999 A 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 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 1999 A Bonds are outstanding. To the extent 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 necessary for the 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 1999 A 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 1999 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holder of the Prior 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 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 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. A. The Issuer shall, simultaneously with the delivery of the Series 1999 A 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 Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 1999 A Bonds held in "contingency" as set forth in the schedule attached to the Loan Agreement. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 1999 A Bonds made available due to bid or construction or project underruns.

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 1999 A 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 1999 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 1999 A 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 1999 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1999 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Series 1999 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 1999 A 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 1999 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 1999 A Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holder of the Series 1999 A Bonds shall be on a parity with the Holder of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 1999 A Bond may, by proper legal action, compel the performance of the duties of the

Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Series 1999 A Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Series 1999 A 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 1999 A 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 1999 A 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 1999 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then 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 1999 A 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 1999 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1999 A 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 1999 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 1999 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein 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 1999 A 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 1999 A 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 1999 A 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 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:

Oakvale Road Public Service District
Post Office Box 1061
Athens Road
Princeton, West Virginia 24740
Attention: Manager

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: Executive Director

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 Council hereunder, shall also be sent to the Authority.

Section 11.06. Conflicting Provisions Repealed; Prior Resolution. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution and the Prior 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. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 20th day of April, 1999.

Chairman

Member

Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of OAKVALE ROAD PUBLIC SERVICE DISTRICT on the 20th day of April, 1999.

Dated: April 23, 1999.

[SEAL]

Richard B Nowlin
Secretary

04/19/99
667990/98001

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1999 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF OAKVALE ROAD PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING A LETTER OF CREDIT TO ADDITIONALLY SECURE THE BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Oakvale Road Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective April 20, 1999 (the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF OAKVALE ROAD PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,268,489 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1999 A (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 A LOAN AGREEMENT 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 1999 A (West Virginia Infrastructure Fund), of the Issuer, in the aggregate principal amount not to exceed $1,268,489 (the "Bonds" or the "Series 1999 A Bonds"), and has authorized the execution and delivery of the loan agreement relating to the Bonds (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and entered into by the Issuer, that the Letter of Credit be approved,

that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF OAKVALE ROAD 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 Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,268,489. The Series 1999 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2039, and shall bear interest at the rate of 3% per annum. The principal of and interest on the Series 1999 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2000, and ending March 1, 2039, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 1999 A Bonds. The Series 1999 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1999 A Bonds.

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

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

Section 4. The Issuer does hereby approve the Letter of Credit and the issuance of the Letter of Credit in lieu of a funded debt service reserve account for the Bonds, and hereby agrees that the Authority may hereafter require that a debt service reserve account be established and funded in the event the Letter of Credit is reduced or terminated.

Section 5. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Resolution and does approve and accept the Registrar's

Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

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

Section 7. The Issuer does hereby appoint and designate One Valley Bank of Mercer County, Inc., Princeton, West Virginia, to serve as Depository Bank under the Resolution.

Section 8. Series 1999 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1999 A Bonds Sinking Fund as capitalized interest.

Section 9. The balance of the proceeds of the Series 1999 A Bonds shall be deposited in the Series 1999 A Bonds Construction Trust Fund as received from time to time for payment of Costs of the Project, including, without limitation, costs of issuance of the Series 1999 A Bonds.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about April 23, 1999.

Section 11. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the 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 Series 1999 A Bonds Sinking Fund shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

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

Adopted this 20th day of April, 1999.

Chairman

Member

Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of OAKVALE ROAD PUBLIC SERVICE DISTRICT on the 20th day of April, 1999.

Dated: April 23, 1999.

[SEAL]

Richard B Nowlin

Secretary

03/22/99
667990/98001

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OAKVALE ROAD PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF OAKVALE ROAD PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $731,511 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1999 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 A LOAN AGREEMENT 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 OAKVALE ROAD 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"), supplemental to the Prior Resolution (as hereinafter defined), is adopted pursuant to the provisions of Chapter 16, Article 13A 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. Oakvale Road Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Mercer and Summers Counties 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 facilities of the Issuer, consisting of _____ _____ _____, together with all appurtenant facilities (collectively, the "Project") (the existing public waterworks facilities, 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 Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $731,511 (the "Series 1999 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 1999 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; 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, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1999 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 1999 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 1999 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"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 1999 B Bonds as to liens, pledge and source of and security for payment, being (i) the Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), dated December 4, 1996, issued in the original aggregate principal amount of $12,700,000 (the "Series 1996 Bonds"), and (ii) the Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), dated April 23, 1999, issued in the original aggregate principal amount of $1,268,489 (the "Series 1999 A Bonds," and together with the Series 1996 Bonds herein collectively called the "Prior Bonds").

The Series 1999 B Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 1999 B Bonds, the Issuer will obtain the written consent of the Holders of the Prior Bonds to the issuance of the Series 1999 B Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

The Issuer has heretofore temporarily financed a portion of the costs of acquisition and construction of the Project with proceeds of its Waterworks Facilities Bond and Grant Anticipation Notes, Series 1999 B, dated January 26, 1999, issued in the original principal amount of $1,500,000 (the "Notes"). The Issuer intends to pay a portion of the outstanding principal of and interest accrued on the Notes with a portion of the proceeds of the Series 1999 B Bonds.

H. The Issuer will receive all of its revenues under and pursuant to an Agreement, dated May 8, 1995, 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 on the Series 1999 B Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. In lieu of funding a debt service reserve account, the Company will provide a Letter of Credit in the amount of $63,136, 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 provide a Letter of Credit, the Issuer shall obtain a Letter of Credit or fund a debt service reserve account.

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 1999 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 1999 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 1999 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 1999 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 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Agreement" means initially, the Agreement, dated May 8, 1995, 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 1999 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 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 1999 B Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 1999 B Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1999 B Bonds from the Authority.

"COE Grant" means the grant by the United States Army Corps of Engineers to the Issuer to pay a portion of the Costs of the Project.

"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.

"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 COE 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 Oakvale Road Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Mercer and Summers Counties, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Letter of Credit" means initially, the Letter of Credit in the stated amount of $63,136, from One Valley Bank, National Association, Charleston, West Virginia, for the benefit of the Commission, and any subsequent replacement or renewal Letter of Credit.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 1999 B Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 1999 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.

"Notes" means the Issuer's Waterworks Facilities Bond and Grant Anticipation Notes, Series 1999 B, dated January 26, 1999, issued in the original principal amount of $1,500,000.

"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, the Prior Bonds or the Notes, and as of any particular date, describes all Bonds, Prior Bonds or Notes theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, 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; (iv) any Prior Bond or Notes deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity designated as such for the Series 1999 B Bonds in the Supplemental Resolution.

"Prior Bonds" means collectively, the Series 1996 Bonds and Series 1999 A Bonds, described in Section 1.02G hereof.

"Prior Resolution" means, collectively, the resolution of the Issuer duly adopted December 4, 1996, as supplemented by the supplemental resolution of the Issuer duly adopted December 4, 1996, authorizing issuance of the Series 1996 Bonds and the resolution of the Issuer duly adopted April 20, 1999, as supplemented by the supplemental resolution of the Issuer duly adopted April 20, 1999, authorizing issuance of the Series 1999 A Bonds.

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia 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.

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

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

"Series 1996 Bonds" means the Water Revenue Bonds, Series 1996 (West Virginia Infrastructure Fund), of the Issuer, dated December 4, 1996, issued in the original aggregate principal amount of $12,700,000.

"Series 1999 A Bonds" means the Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), of the Issuer, dated April 23, 1999, issued in the original aggregate principal amount of $1,268,489.

"Series 1999 B Bonds" means the Water Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 1999 B Bonds Construction Trust Fund" means the Series 1999 B Bond Construction Trust Fund established by Section 5.01 hereof.

"Series 1999 B Bonds Sinking Fund" means the Series 1999 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1999 B Bonds Reserve Account" means the Series 1999 B Bonds Reserve Account established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 1999 B 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 1999 B Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 1999 B Bonds, and not so included, may be included in another Supplemental Resolution.

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

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

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

"West Virginia 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 $3,438,461, 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 1999 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 and the Council.

The cost of the Project is estimated to be $3,438,461, of which $731,511 will be obtained from proceeds of the Series 1999 B Bonds, $450,000 will be obtained from the remaining proceeds of the Series 1996 Bonds and $2,256,950 will be obtained from the COE 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 1999 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1999 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 1999 B Bonds of the Issuer. The Series 1999 B Bonds shall be issued as a single bond, designated "Water Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund)," in the principal amount of not more than $731,511, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1999 B Bonds remaining after capitalizing interest on the Series 1999 B Bonds, if any, shall be deposited in or credited to the Series 1999 B Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 1999 B Bonds shall be issued in such principal amounts; shall bear interest 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 1999 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 on the Series 1999 B Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1999 B Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 1999 B Bonds. The Series 1999 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 1999 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 1999 B Bonds shall cease to be such officer of the Issuer before the Series 1999 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 1999 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 1999 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 1999 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 1999 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 1999 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 1999 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 1999 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 1999 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 1999 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 1999 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 1999 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1999 B 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 1999 B Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holder of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1999 B Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1999 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1999 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 1999 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 1999 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 1999 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 1999 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
OAKVALE ROAD PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1999 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $731,511

KNOW ALL MEN BY THESE PRESENTS: That OAKVALE ROAD PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Mercer and Summers Counties of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of SEVEN HUNDRED AND THIRTY-ONE THOUSAND DOLLARS ($731,511), 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 March 1, 2000, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2000, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of 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 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 November 4, 1999.

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 facilities 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 facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on November 4, 1999, and a Supplemental Resolution duly adopted by the Issuer on November 4, 1999 (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 (i) WATER REVENUE BONDS, SERIES 1996 (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 4, 1996, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $12,700,000 AND (ii) WATER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED APRIL 23, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,268,489 (COLLECTIVELY THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, 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 Prior Bonds. 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 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, OAKVALE ROAD 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 November 4, 1999.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1999 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: November 4, 1999.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

_____

Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$577,279.07	11-4-99	(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

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1999 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the Council a schedule in substantially the form attached to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (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); and

(2) Series 1999 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 (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 1996 Bonds Sinking Fund (established by the Prior Resolution);

(2) Series 1996 Bonds Reserve Account (established by the Prior Resolution and to be funded from proceeds of the Letter of Credit in the event it is drawn);

(3) Series 1999 A Bonds Sinking Fund (established by the Prior Resolution);

(4) Series 1999 A Bonds Reserve Account (established by the Prior Resolution and to be funded from proceeds of the Letter of Credit in the event it is drawn);

(5) Series 1999 B Bonds Sinking Fund; and

(6) Series 1999 B Bonds Reserve Account (to be funded from proceeds of the Letter of Credit in the event it is drawn).

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) for deposit in the Series 1996 Bonds Sinking Fund and the Series 1999 A Bonds Sinking Fund, the amounts required by the Prior Resolution to pay the interest on and the principal of the Prior Bonds; (ii) commencing 3 months prior to the first date of payment of interest on the Series 1999 B Bonds, for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 1999 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 1999 B Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1999 B Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 1999 B Bonds, for deposit in the Series 1999 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1999 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 1999 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) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be

used to prepay installments of the Bonds or for any lawful purpose of the System.

(4) So long as the Letter of Credit is in place, no debt service reserve account shall be required for the Series 1999 B Bonds. However, in the event the Letter of Credit is terminated or the amount payable thereunder is reduced, the Issuer shall be required to establish the Series 1999 B Bonds Reserve Account for the Series 1999 B Bonds, in compliance with the requirements of the Loan Agreement, unless waived by the Council.

(5) So long as the Letter of Credit is in place, no renewal and replacement fund shall be required for the Series 1999 B Bonds. However, in the event the Letter of Credit is terminated or the amount payable thereunder is reduced, the Issuer shall be required to establish a Renewal and Replacement Fund for the Series 1999 B Bonds, in compliance with the requirements of the Loan Agreement, unless waived by the Council.

Moneys in the Series 1999 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1999 B Bonds, as the same shall become due.

All investment earnings on moneys in the Series 1999 B Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 1999 B Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1999 B Bonds and then to the next ensuing principal payment due thereon.

As and when additional Bonds ranking on a parity with the Series 1999 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 1999 B Bonds Sinking Fund when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1999 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest 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 Prior Bonds and the Series 1999 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 1999 B Bonds Sinking Fund created hereunder, and all amounts required for said fund 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 1999 B Bonds Sinking Fund shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1999 B Bonds Sinking Fund shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1999 B Bonds Outstanding 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 1999 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.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement for the Series 1999 B Bonds, 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 1999 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1999 B Bonds, there shall first be deposited with the Commission in the Series 1999 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 1999 B Bonds for the period commencing on the date of issuance of the Series 1999 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1999 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 1999 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 1999 B Bonds.

C. 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 1999 B Bonds shall be applied as directed by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund. 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 1999 B Bonds Construction Trust Fund (except for the costs of issuance of the Series 1999 B Bonds which shall be made upon request of the Issuer) shall be made only after submission to, and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, moneys in the Series 1999 B Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1999 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 1999 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 1999 B Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1999 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 1999 B Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1999 B Bonds or the interest 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 1999 B Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holder of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 1999 B 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 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 February 5, 1996, in Case No. 94-0098-W-PWD-PC-CN.

In the event the schedule of rates and charges initially established for the System in connection with the Series 1999 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 so as 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 Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolution. Additionally, so long as the Series 1999 B Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1999 B Bonds, immediately be remitted to the Commission for deposit in the Series 1999 B Bonds Sinking Fund, and, with the written permission of the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 1999 B Bonds. Any balance remaining after the payment of the Series 1999 B Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $50,000, 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 $50,000 but not in excess of $200,000, 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 $50,000 and not in excess of $200,000, shall, with the consent of 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 $200,000 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 1999 B Bonds. All obligations issued by the Issuer after the issuance of the Series 1999 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 1999 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 1999 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 1999 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 and the Council prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1999 B Bonds, except with the prior written consent of the Authority and the Council (unless less restrictive then the provisions of the Prior Resolution).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1999 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.

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 1999 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 1999 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 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 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 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 Authority, or any other original purchaser of the Series 1999 B Bonds, and shall mail in each year to any Holder or Holders of the Series 1999 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 1999 B Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 1999 B Bonds. Such audit report submitted to 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 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 Authority and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 1999 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 on the Series 1999 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1999 B Bonds, including the Prior Bonds. In the event the Agreement is no longer in place, the Issuer shall comply with the requirements of Section 4.1(b)(ii) 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 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 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 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 and the Council by the 15th 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 Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

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 1999 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 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 1999 B Bonds are outstanding. To the extent 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 necessary for the 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 1999 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, shall take effect immediately upon delivery of the Series 1999 B Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holder of the Prior 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 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 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; Pubic Releases. A. The Issuer shall, simultaneously with the delivery of the Series 1999 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 Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 1999 B Bonds held in "contingency" as set forth in the schedule attached to the Loan Agreement. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 1999 B Bonds made available due to bid or construction or project underruns.

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

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 1999 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 1999 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 1999 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 1999 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1999 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; or

(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 Series 1999 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 1999 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 1999 B Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 1999 B Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holder of the Series 1999 B Bonds shall be on a parity with the Holder of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 1999 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 1999 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 1999 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 1999 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 1999 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 1999 B Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then 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 1999 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 1999 B Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1999 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 1999 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 1999 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 thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 1999 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 1999 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 1999 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 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:

Oakvale Road Public Service District
Post Office Box 1061 ·
Athens Road
Princeton, West Virginia 24740
Attention: Manager

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: Executive Director

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 Council hereunder, shall also be sent to the Authority.

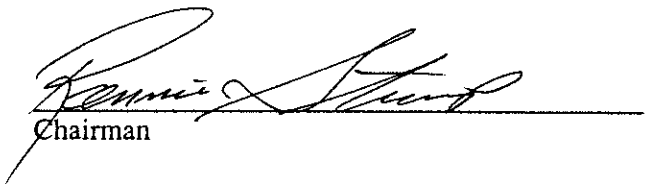
Section 11.06. Conflicting Provisions Repealed; Prior Resolution. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution and the Prior Resolution, 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. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this November 4, 1999.



Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of OAKVALE ROAD PUBLIC SERVICE DISTRICT on November 4, 1999.

Dated: November 4, 1999.

[SEAL]

Hillis Warren
Secretary

11/01/99
667990/99001

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

June 4, 2002

Oakvale Road Public Service District
Water Revenue Bonds, Series 2002 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of the certified public accountant dated the date hereof, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund) (the "Bonds"), in the original aggregate principal amount of $558,620, by Oakvale Road Public Service District (the "Issuer"), under the terms of the bond 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 1996 (West Virginia Infrastructure Fund), Water Revenue Bonds, Series 1999 A (West Virginia Infrastructure Fund), and Water Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund) (collectively, the "Prior Bonds").

Authorized Representative

This THIRD AMENDMENT TO AGREEMENT made as of the 4th day of June, 2002 ("Third Amendment"), by and between WEST VIRGINIA-AMERICAN WATER COMPANY, a West Virginia corporation (the "Company") and OAKVALE ROAD 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 (the "District").

W I T N E S S E T H:

WHEREAS, the Company and the District entered into an agreement dated as of May 8, 1995 (the "Agreement"), pursuant to which the Company undertook to take certain actions relating to the operation and maintenance of certain water transmission and distribution facilities, more completely described therein, in connection with the Mercer/Summers Regional Water Project (the "Project");

WHEREAS, the Company and the District amended the Agreement by an Amendment to Agreement dated as of December 4, 1996 ("First Amendment") and a Second Amendment to Agreement dated as of October 26, 1999 ("Second Amendment");

WHEREAS, as amended by the Second Amendment, Article III of the Agreement provides that the term of the Agreement shall extend until the sooner to occur of (i) the payment in full or defeasance of the District's bonded indebtedness issued in connection with the Project, or (ii) September 1, 2039;

WHEREAS, Article VII of the Agreement provides that the Company will make annual payments of $670,000 for the use of the District Facilities, of which $660,000 will be dedicated to service the principal of and interest on any bonds issued by the District to finance a portion of the costs of construction of the District Facilities;

WHEREAS, the District has received a loan commitment from the West Virginia Infrastructure and Jobs Development Council (the "Council") to loan the District approximately $558,620 for a 40-year term (the "Loan") for the District's use in constructing additions, extensions, betterments and improvements to its distribution system, to be evidenced by a series of revenue bonds proposed to be issued by the District, the debt service on which will be paid from payments made by the Company to or on behalf of the District pursuant to Article VII of the Agreement (the "2002 Bonds");

WHEREAS, the Parties have determined that the District's expected debt service obligations on the 2002 Bonds, when combined with its existing debt service obligations associated with the Water Revenue Bonds, Series 1996 B, the Water Revenue Bonds, Series 1999 A, and the Water Revenue Bonds, Series 1999 B (collectively, the "Prior Bonds"), will not exceed $660,000 annually;

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 District's debt service obligations on the Prior Bonds and the 2002 Bonds (collectively, the "Bonds"); and (ii) to amend Article VII of the Agreement to ensure that the Company's use fee obligation will be not less than the District's annual debt service obligations on the Bonds.

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of the Third 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. The Second Amendment is hereby canceled and shall be of no further force or effect.

2. 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 the Third Amendment thereto 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 the District 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 all Loans identified in Article VII hereof."

3. Article VII of the Agreement is hereby amended to read in its entirety as follows:

"In exchange for the benefits of having the Company's Bluestone Treatment Plant connected to the Company's Hinton and Princeton distribution systems through the District Facilities, the Company will pay the District a Use Fee of not less than $670,000 annually to be comprised of the following two components:

A. An annual amount not to exceed $660,000 (the sufficiency of which the Parties hereby mutually acknowledge) to be payable in monthly payments directly to the account of the District (or, at the District's election, to the West Virginia Municipal Bond Commission on behalf of the District) in an aggregate amount that is sufficient to permit the District to meet its debt service obligations related to loans previously made and currently expected to be made to the District by the West Virginia Infrastructure and Jobs

Development Council (the "Council") in connection with the Project (collectively and as further described below, the "Loans"):

i. A loan from the Council to the District made on December 4, 1996 and evidenced by the District's Water Revenue Bonds, Series 1996, issued in the original aggregate principal amount of $12,700,000;

ii. A loan from the Council to the District made on April 23, 1999 and evidenced by the District's Water Revenue Bonds, Series 1999 A, issued in the original aggregate principal amount of $1,268,489;

iii. A loan from the Council to the District made on November 4, 1999 and evidenced by the District's Water Revenue Bonds, Series 1999 B, issued in the original aggregate principal amount of $731,511; and

iv. A loan expected to be made on or about the date of this Third Amendment by the Council to the District in the amount of $558,620 and expected to be evidenced by the District's Water Revenue Bonds, Series 2002, to be issued in the original aggregate principal amount of $558,620.

The amounts payable pursuant to this subsection A may be offset against amounts due the Company from the District, if any, at the option of the Company. Notwithstanding the foregoing, Company's obligation to make the aggregate monthly debt service payments shall continue only for so long as the District'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.

B. An annual amount of $10,000 to be used to meet any other obligations of the Company to the District under this Agreement."

4. Except as amended and modified herein, the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, West Virginia-American Water Company, a corporation, and Oakvale Road Public Service District, a public corporation and political subdivision, have caused this Third 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

OAKVALE ROAD PUBLIC SERVICE DISTRICT

By: Hillis Warren
Its Chairman

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 3rd day of June, 2002, by Michael A. Miller, Vice President of West Virginia-American Water Company, a West Virginia corporation, on behalf of said corporation.

My commission expires March 15, 2005.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PEGGY L. SHAFFER
WEST VIRGINIA-AMERICAN WATER COMPANY
1600 PENNSYLVANIA AVENUE
CHARLESTON, WV 25302
My Commission Expires March 15, 2005

Peggy L. Shaffer
Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, to-wit:

The foregoing instrument was acknowledged before me this 30 day of May, 2002, by Hicks Warren, Chairman of Oakvale Road Public Service District, a public corporation, on behalf of said corporation.

My commission expires 11/29/09.

Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
WILLIAM S. WINFREY II
1608 WEST MAIN ST.
PRINCETON, WV 24740
My Commission Expires November 29, 2009

APPLICATION AND AGREEMENT FOR IRREVOCABLE STANDBY LETTER OF CREDIT

BRANCH BANKING AND TRUST COMPANY **IRREVOCABLE CREDIT NO.** 957-0527271 / 00016

CHARLESTON **WEST VIRGINIA** **DATE** JUNE 3, 2002

Please establish an **IRREVOCABLE STANDBY LETTER OF CREDIT** and advise by __X__ Registered Mail
_____ Full details by SWIFT/Telex

In favor of THE WEST VIRGINIA MUNICIPAL BOND COMMISSION ON BEHALF OF REGISTERED OWNERS
(Name of beneficiary) (Address)

OF OAKVALE ROAD PUBLIC SERVICE DIST WATER REV BONDS SERIES 2002A

~~For account of~~ WEST VIRGINIA AMERICAN WATER COMPANY PO BOX 1906, CHARLESTON, WV 25327
(Name of applicant) (Address)

For account of OAKVALE ROAD PSD, P.O. BOX 1061, PRINCETON, WV 24740
(Account Party)

In an amount not to exceed 27,931.00 (Twenty Seven Thousand Nine Hundred Thirty One & no/100ths)

Available by draft(s) at SIGHT drawn at your option on you or any of your
(Signify Tenor)

correspondents

Draft(s) must be accompanied by the following documents:

a) BENEFICIARY'S DRAFT(S) DRAWN AT SIGHT ON BB&T, TOGETHER WITH THE ORIGINAL LETTER OF CREDIT AND ALL AMENDMENTS THERETO.

b) BENEFICIARY'S SIGNED STATEMENT READING: "OAKVALE ROAD PUBLIC SERVICE DISTRICT IS IN MONETARY DEFAULT OF THOSE CERTAIN OAKVALE ROAD PUBLICE SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2002A (WEST VIRGINIA INFRASTRUCTURE FUND) DATED JUNE 3, 2002 (THE "BONDS") DUE TO ITS FAILURE TO PAY PRINCIPAL AND INTEREST ON THE BONDS AS AND WHEN DUE, AND PAYMENT HAS NOT BEEN RECEIVED FROM ANY OTHER SOURCES. THE AMOUNT OF THIS DRAW ON YOUR LETTER OF CREDIT #9570527271/00016 DOES NOT EXCEED THE AMOUNT OF SUCH MONETARY DEFAULT."

c) BENEFICIARY'S STATEMENT IN b) ABOVE IS NOT REQUIRED IN THE EVENT OF DRAW DUE TO NON-RENEWAL BY BB&T, AS BELOW.

Letter Of Credit to EXPIRE JUNE 3, 2005, SUBJECT TO AUTOMATIC ANNUAL RENEWAL THEREAFTER, UNLESS BB&T GIVES BENEFICIARY 60 DAYS PRIOR WRITTEN NOTICE OF NON-RENEWAL, IN WHICH CASE BENEFICIARY MAY DRAW THE CREDIT. NOTWITHSTANDING ANY PROVISION TO THE CONTRARY, IN NO CASE WILL THE CREDIT BE RENEWED BEYOND JUNE 3, 2012, AND THE CREDIT WILL NOT BE DRAWABLE DUE TO NON-RENEWAL BEYOND JUNE 3, 2012.

This application is subject to the conditions on Page 1 hereof, which are an integral part of this application.

CREDIT NON-ASSIGNABLE, NON-TRANSFERABLE. MULTIPLE DRAWS PERMITTED.

Borrower: WEST VIRGINIA AMERICAN WATER COMPANY

Account Number: 957-0527271

Address: PO BOX 1906
CHARLESTON, WV 25327

BB&T

Note Number: 00016

CHARLESTON, West Virginia

Date: JUNE 3, 2002

PROMISSORY NOTE

THE UNDERSIGNED REPRESENTS THAT THE LOAN EVIDENCED HEREBY IS BEING OBTAINED FOR BUSINESS/COMMERCIAL PURPOSES. For value received, the undersigned, jointly and severally, if more than one, promises to pay to **BRANCH BANKING AND TRUST COMPANY**, a North Carolina banking corporation (the "Bank"), or order, at any of Bank's offices in the above referenced city (or such other place or places that may be hereafter designated by Bank), the sum of
TWENTY-SEVEN THOUSAND NINE HUNDRED THIRTY-ONE DOLLARS & 00/100
Dollars ($ 27,931.00), in immediately available coin or currency of the United States of America.

☐ Borrower shall pay a prepayment penalty as set forth in the Prepayment Penalty Addendum attached hereto.

Interest shall accrue from the date hereof on the unpaid principal balance outstanding from time to time at the:

☐ Fixed rate of _____ % per annum.

☒ Variable rate of the Bank's Prime Rate plus 0.00 % per annum to be adjusted Daily as the Bank's Prime Rate changes. If checked here ☐, the interest rate will not exceed a(n) ☐ fixed ☐ average maximum rate of _____% or a ☐ floating maximum rate of the greater of _____% or the Bank's Prime Rate; and the interest rate will not decrease below a fixed minimum rate of _____%. If an average maximum rate is specified, a determination of any required reimbursement of interest by Bank will be made: ☐ when Note is repaid in full by Borrower ☐ annually beginning on _____.

☐ Fixed rate of _____ % per annum through _____ which automatically converts on _____ to a variable rate equal to the Bank's Prime Rate plus _____ % per annum which shall be adjusted as such Prime Rate changes.

☐ _____.

Principal and interest are payable as follows

☐ Principal (plus any accrued interest not otherwise scheduled herein)
☒ Principal plus accrued interest
} is due in full at maturity on Demand.

☐ Payable in consecutive _____ installments of ☐ Principal ☐ Principal and Interest commencing on _____ and continued on the same day of each calendar period thereafter, in _____ equal payments of $_____, with one final payment of all remaining principal and accrued interest due on _____.

☐ ChoiceLine Payment Option: 2% of outstanding balance is payable monthly commencing on _____ and continuing on the same day of each calendar period thereafter, with one final payment of all remaining principal and accrued interest due on _____.

☐ Accrued interest is payable _____ commencing on _____ and continuing on the same day of each calendar period thereafter, with one final payment of all remaining interest due on _____.

☐ Bank reserves the right in its sole discretion to adjust the fixed payment due hereunder _____ on _____ and continuing on the same day of each calendar period thereafter, in order to maintain an amortization period of no more than _____ months from the date of this Note. Borrower understands the payment may increase if interest rates increase.

☐ Prior to an event of default, Borrower may borrow, repay, and reborrow hereunder pursuant to the terms of the Loan Agreement, hereinafter defined.

☐ _____.

☐ Borrower hereby authorizes Bank to automatically debit from its demand, deposit, or savings account(s) with Bank, any payment(s) due under this Note on the date(s) due.

Borrower agrees that the only interest charge is the interest actually stated in this Note, and that any loan or origination fees shall be deemed charges rather than interest, which charges are fully earned and non-refundable. It is further agreed that any late charges are not a charge for the use of money but are imposed to compensate Bank for some of the administrative services, costs and losses associated with any delinquency or default under this Instrument, and said charges shall be fully earned and non-refundable when accrued. All other charges imposed by Bank upon Borrower in connection with this Instrument and the loan including, without limitation, any commitment fees, loan fees, facility fees, origination fees, discount points, default and late charges, prepayment fees, statutory attorney's fees and reimbursements for costs and expenses paid by Bank to third parties or for damages incurred by Bank are and shall be deemed to be charges made to compensate Bank for underwriting and administrative services and costs, other services, and costs or losses incurred by Bank in connection with this Instrument and the Loan shall under no circumstances be deemed to be charges for the use of money. All such charges shall be fully earned and non-refundable when due.

The undersigned shall pay to Bank a late fee in the amount of five percent (5%) of any installment past due for ten (10) or more days. When any installment payment is past due for ten (10) or more days, subsequent payments shall first be applied to the past due balance. In addition, the undersigned shall pay to Bank a returned payment fee if the undersigned or any other obligor hereon makes any payment at any time by check or other instrument, or by any electronic means, which is returned to Bank because of nonpayment due to nonsufficient funds.

All interest shall be computed and charged for the actual number of days elapsed on the basis of a year consisting of three hundred sixty (360) days. In the event periodic accruals of interest shall exceed any periodic fixed payment amount described above, the fixed payment amount shall be immediately increased, or additional supplemental interest payments required on the same periodic basis as specified above (increased fixed payments or supplemental payments to be determined in the Bank's sole discretion), in such amounts and at such times as shall be necessary to pay all accruals of interest for the period and all accruals of unpaid interest from previous periods. Such adjustments to the fixed payment amount or supplemental payments shall remain in effect for so long as the interest accruals shall exceed the original fixed payment amount and shall be further adjusted upward or downward to reflect changes in the variable interest rate; provided that unless elected otherwise above, the fixed payment amount shall not be reduced below the original fixed payment amount. However, Bank shall have the right, in its sole discretion, to lower the fixed payment amount below the original payment amount.

This note ("NOTE") is given by the undersigned in connection with the following agreements (if any) between the undersigned and the Bank:

Deed(s) of Trust granted in favor of Bank as beneficiary / mortgagee:

☐ dated _____ in the maximum principal amount of $_____
granted by _____

☐ dated _____ in the maximum principal amount of $_____
granted by _____

BB&T

PROMISSORY NOTE SIGNATURE PAGE

Borrower: WEST VIRGINIA AMERICAN WATER COMPANY

Account Number: 957-0527271

Note Number: 00016

Note Amount: 27,931.00

Date: JUNE 3, 2002

Notice of Right to Copy of Appraisal: If a 1-4 family residential dwelling is pledged as collateral for this Note, you, the undersigned, have a right to a copy of the real estate appraisal report used in connection with your application for credit. If you wish to receive a copy, please notify in writing the branch office where you applied for credit. You must forward your request to the Bank no later than 90 days after the date of this Note. In your request letter, please provide your name, mailing address, appraised property address, the date of this Note, and the Account and Note Numbers shown on the front of this Note.

IN WITNESS WHEREOF, the undersigned, on the day and year first written above, has caused this note to be executed.

If Borrower is a Corporation:

WEST VIRGINIA AMERICAN WATER COMPANY
NAME OF CORPORATION

By: Michael A. Miller

Title: VICE PRESIDENT

By: _____

Title: _____

If Borrower is a Partnership, Limited Liability Company, or Limited Liability Partnership:

WITNESS:

_____
NAME OF PARTNERSHIP, LLC, OR LLP

_____ By: _____
GENERAL PARTNER OR MANAGER

_____ By: _____
GENERAL PARTNER OR MANAGER

_____ By: _____
GENERAL PARTNER OR MANAGER

If Borrower is an Individual

WITNESS:

_____ _____

Additional Co-makers

WITNESS:

_____ _____

_____ _____

_____ _____

_____ _____

BB&T

SPECIMEN

Branch Banking & Trust Co.

300 Summers Street
Charleston,WV 25301
Fax (304) 348-7250

Our Letter of Credit No. 957-0527271/00016

Issuance Date: June 03, 2002

Amount: $27,931.00
(Twenty-Seven thousand Nine Hundred Thirty One dollars and no/100)

Expiration Date: June 03, 2005

Name & address of Beneficiary
The West Virginia Municipal Bond Commission on behalf of the Registered Owners of Oakvale Road Public Service District Water Revenue Bonds, Series 2002A (West Virginia Infrastructure Fund)
8 Capitol Street / Terminal Building
Suite 500
Charleston, WV 25301

Name & Address of Account Party
Oakvale Road Public Service District
P. O. Box 1061
Princeton, WV 24740

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 Branch Banking and Trust Company, 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: "Oakvale Road Public Service District is in monetary default of those certain Oakvale Road Public Service District Water Revenue Bonds, Series 2002A (West Virginia Infrastructure Fund) dated June 04, 2002 (the **"Bonds"**) due to its failure to pay principal and interest 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 #957-0527271/00016 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 the Credit Amount. Notwithstanding any provision hereof to the contrary, in no event shall this Credit be extended beyond June 03, 2012, and Beneficiary shall not have the right to draw on the Credit as a result of the Credit not having been extended beyond June 03, 2012.

This Credit is issued in Charleston, West Virginia, and all references herein to time limits, including the Expiration Date, are to Charleston local 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 out counters at Branch Banking and Trust Company, 300 Summers Street, Charleston, West Virginia, 25301, on or before the close of our business on the Expiration Date. All correspondence related to this Credit must be sent to Branch Banking and Trust Company, 300 Summers Street 25301, P. O. Box 1793, Charleston, WV 25326, attention: Mark Bias, Corporate Banking, 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 the Credit, and, to the extent not governed thereby, to the laws of the State of West Virginia.

Very truly yours,

J. Mark Bias
Senior Vice President / Corporate Banker
Branch Banking and Trust Company

ACORD CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)
9/28/01

PRODUCER

FRENKEL & CO., INC.
560 Sylvan Avenue
3rd Floor
Englewood Cliffs, NJ 07632

Phone No. (201) 568-5010
Fax No. (201) 227-7247

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

West Virginia American Water Company
PO Box 1906
Charleston, WV 25327

COMPANIES AFFORDING COVERAGE

COMPANY LETTER	A	Travelers Insurance Company
COMPANY LETTER	B	
COMPANY LETTER	C	
COMPANY LETTER	D	
COMPANY LETTER	E	

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS MADE ☒ OCCUR. ☐ OWNER'S & CONTRACTOR'S PROT. ☐ ☐	GLSA260T331701	10/1/2001	10/1/2002	GENERAL AGGREGATE PRODUCTS-COMP/OP AGG. PERSONAL & ADV. INJURY EACH OCCURRENCE FIRE DAMAGE (ANY ONE FIRE) MED. EXPENSE (ANY ONE PERSON)	$ 12,000,000 $ 12,000,000 $ 1,000,000 $ 1,000,000 $ 1,000,000 $ 5,000
	AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ ALL OWNED AUTOS ☐ SCHEDULED AUTOS ☐ HIRED AUTOS ☐ NON-OWNED AUTOS ☐ GARAGE LIABILITY				COMBINED SINGLE LIMIT BODILY INJURY (PER PERSON) BODILY INJURY (PER ACCIDENT) PROPERTY DAMAGE	$ $ $ $
	EXCESS LIABILITY ☐ UMBRELLA FORM ☐ OTHER THAN UMBRELLA FORM				EACH OCCURRENCE AGGREGATE	$ $
	WORKER'S COMPENSATION AND EMPLOYERS LIABILITY				☐ STATUTORY LIMITS EACH ACCIDENT DISEASE-POLICY LIMIT DISEASE-EACH EMPLOYEE	 $ $ $
	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

The Certificate Holder is named Additional Insured with respect to the operations of the Insured.

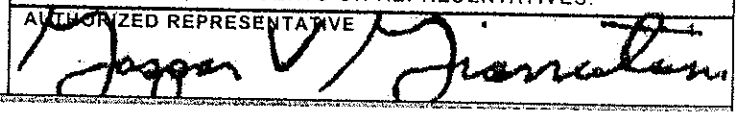
CERTIFICATE HOLDER

Oakvale Road PSD
PO Box 1061
Princeton, WV 24740

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE



ERIE
INSURANCE
GROUP

100 Erie Ins. Pl.
Erie, PA 16530

RENEWAL CERTIFICATE

ERIE INS PROP/CAS CO
ULTRAFLEX POLICY

AGENT	ITEM 2. POLICY PERIOD	POLICY NUMBER
EE1311 PRINCETON INSUR AGCY	06/04/01 TO 06/04/02	Q42 5450022 W

ITEM 1. NAMED INSURED AND ADDRESS	ITEM 3. OTHER INTEREST
OAKVALE ROAD PUBLIC SERVICE DISTRICT P O BOX 1061 PRINCETON WV 24740-1061	

POLICY PERIOD BEGINS AND ENDS AT 12.01 A.M. STANDARD TIME AT THE STATED ADDRESS OF THE NAMED INSURED.

THE INSURANCE APPLIES TO THOSE PREMISES DESCRIBED AS PER THE ATTACHED SUPPLEMENTAL DECLARATIONS. THIS IS SUBJECT TO ALL APPLICABLE TERMS OF THE POLICY AND ATTACHED FORMS AND ENDORSEMENTS

DEDUCTIBLE (PROPERTY PROTECTION ONLY)- $ 200.

COVERAGES:

	DEPOSIT PREMIUM
PROPERTY PROTECTION - AS PER THE ATTACHED SUPPLEMENTAL DECLARATIONS	
1. BUILDINGS	$ INCL
2. BUSINESS PERSONAL PROPERTY AND PERSONAL PROPERTY OF OTHERS	$ INCL
3. INCOME PROTECTION	$
4. GLASS AND LETTERING	$
5. SIGNS, LIGHTS AND CLOCKS	$
LIMITS OF INSURANCE	$ INCL

EACH OCCURRENCE LIMIT	$ 1,000,000	
DAMAGE TO PREMISES RENTED TO YOU LIMIT	$ 1,000,000	ANY ONE PREMISES
MEDICAL EXPENSE LIMIT	$ 5,000	ANY ONE PERSON
PERSONAL & ADVERTISING INJURY LIMIT	$ 1,000,000	ANY ONE PERSON OR ORGANIZATION
GENERAL AGGREGATE LIMIT	$ 2,000,000	
PRODUCTS/COMPLETED OPERATIONS AGGREGATE LIMIT	$ 2,000,000	

OPTIONAL COVERAGES

BROAD FORM SPECIFIED PROPERTY	$ INCL
ELECTRONIC DATA PROCESSING ENDORSEMENT	$ INCL
EMPLOYEE DISHONESTY - INCREASED COVERAGE	$ INCL
$ 100,000 - 5 EMPLOYEES	
SURCHARGE IMPOSED BY THE ST OF WV	$ 16.99
TOTAL DEPOSIT PREMIUM - - - - -	$ 1,715.99
BALANCE - - - - - - - - - - - - -	$ 1,715.99

APPLICABLE FORMS - SEE SCHEDULE OF FORMS

ERIE INSURANCE GROUP

100 Erie Ins. Pl.
Erie, PA 16530

RENEWAL CERTIFICATE

ERIE INS PROP/CAS CO
ULTRAFLEX POLICY

AGENT	ITEM 2. POLICY PERIOD	POLICY NUMBER
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PROPERTY PROTECTION - AS PER THE ATTACHED SUPPLEMENTAL DECLARATIONS	DEPOSIT PREMIUM
1. BUILDINGS	$ INCL
2. BUSINESS PERSONAL PROPERTY AND PERSONAL PROPERTY OF OTHERS	$ INCL
3. INCOME PROTECTION	$
4. GLASS AND LETTERING	$
5. SIGNS, LIGHTS AND CLOCKS	$
LIMITS OF INSURANCE	$ INCL

EACH OCCURRENCE LIMIT	$ 1,000,000	
DAMAGE TO PREMISES RENTED TO YOU LIMIT	$ 1,000,000	ANY ONE PREMISES
MEDICAL EXPENSE LIMIT	$ 5,000	ANY ONE PERSON
PERSONAL & ADVERTISING INJURY LIMIT	$ 1,000,000	ANY ONE PERSON OR ORGANIZATION
GENERAL AGGREGATE LIMIT	$ 2,000,000	
PRODUCTS/COMPLETED OPERATIONS AGGREGATE LIMIT	$ 2,000,000	

OPTIONAL COVERAGES

BROAD FORM SPECIFIED PROPERTY	$ INCL
ELECTRONIC DATA PROCESSING ENDORSEMENT	$ INCL
EMPLOYEE DISHONESTY - INCREASED COVERAGE	$ INCL
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SURCHARGE IMPOSED BY THE ST OF WV	$ 16.99
TOTAL DEPOSIT PREMIUM - - - - -	$ 1,715.99
BALANCE - - - - - - - - - - - - -	$ 1,715.99

APPLICABLE FORMS - SEE SCHEDULE OF FORMS

* * * Transmission Result Report(MemoryTX) (May.28. 2002 1:12PM) * * *
STEPTOE & JOHNSON CHAR.

File No.	Mode	Destination	Pg(s)	Result	Page Not Sent
2234	Memory TX	FRANCESCA	P. 5	OK	

Reason for error
E.1) Hang up or line fail
E.2) Busy
E.3) No answer
E.4) No facsimile connection

STEPTOE & JOHNSON, PLLC
Attorneys at Law
Bank One Center, Seventh Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000
(304) 353-8181 (fax)

FACSIMILE TRANSMISSION

TO: Francesca Tan, Esquire

COMPANY: Jackson & Kelly PLLC

FAX NO: 304.284.4140

FROM: John C. Stump, Esquire [Direct Dial 304.353.8196]

DATE: 5/28/02

NUMBER OF PAGES (including this coversheet): 5

If you do not receive all the pages, please call back as soon as possible.

Beth Leontopoulos [Direct Dial 304.556.8224]

COMMENTS:

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* * * Transmission Result Report(MemoryTX) (May.20. 2002 2:27PM) * * *
STEPTOE & JOHNSON CHAR.

File No.	Mode	Destination	Pg(s)	Result	Page Not Sent
2090	Memory TX	SAMME	P. 5	OK	

Reason for error
E.1) Hang up or line fail
E.2) Busy
E.3) No answer
E.4) No facsimile connection

STEPTOE & JOHNSON, PLLC

Attorneys at Law
Bank One Center, Seventh Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000
(304) 353-8181 (fax)

FACSIMILE TRANSMISSION

TO: Samme Gee, Esquire 340.1080 or 1040
Katy Mallory, P.E. 558.4609

FROM: John C. Stump, Esquire [Direct Dial (304) 353-8196]

DATE: 5/20/02

NUMBER OF PAGES (Including this coversheet): 5

If you do not receive all the pages, please call back as soon as possible.

Beth Leontopoulos (Direct Dial 304.556.8224)

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NO. 879900.99001

* * * Transmission Result Report(MemoryTX) (May.20. 2002 2:02PM) * * *
STEPTOE & JOHNSON CHAR.

File No.	Mode	Destination	Pg(s)	Result	Page Not Sent
2088	Memory TX	KATY	P. 5	OK	

Reason for error
E.1) Hang up or line fail
E.2) Busy
E.3) No answer
E.4) No facsimile connection

STEPTOE & JOHNSON, PLLC
Attorneys at Law
Bank One Center, Seventh Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000
(304) 353-8181 (fax)

FACSIMILE TRANSMISSION

TO: Samme Gee, Esquire 340.1080 or 1040
Katy Mallory, P.E. 558.4609

FROM: John C. Stump, Esquire [Direct Dial (304) 353-8196]

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NO. 879900.99001

CH468164.1