OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 A
(West Virginia Infrastructure Fund)

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OAKVALE ROAD PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2011 A (WEST VIRGINIA INFRASTRUCTURE FUND)

South Eastern Mercer Phase IVA Project

BOND RESOLUTION

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OAKVALE ROAD PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS 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 NOT MORE THAN $3,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 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") 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 system of the Issuer, consisting of waterline extensions known as Phase IV-A of the Mercer/Summers Regional

Water Project, together with all appurtenant facilities (collectively, the "Project") (the existing public waterworks systems of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than $3,400,000 in a single series being the Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), (the "Series 2011 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 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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 2011 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority on behalf of the West Virginia 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 bonds or obligations of the Issuer which will rank on a parity with the Series 2011 A Bonds as to liens, pledge, source of and security for payment being 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 (the "Series 1996 Bonds"); (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 (the "Series 1999 A Bonds"); (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 (the "Series 1999 B Bonds"); and (iv) Water Revenue Bonds,

Series 2002 A (West Virginia Infrastructure Fund), dated June 4, 2002, issued in the original aggregate principal amount of $558,620 (the "Series 2002 A Bonds"), (collectively, the "Prior Bonds").

The Series 2011 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 respects. Prior to the issuance of the Series 2011 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2011 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 is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

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 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 2011 A Bonds, and to make payments into all funds and accounts and other payments provided for herein.

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

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, and issuance of the Series 2011 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 2011 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 2011 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 2011 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 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 2011 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

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

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

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

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

"Bonds" means, collectively, the Series 2011 A Bonds and 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 2011 A Bonds for all or a portion of the proceeds of the Series 2011 A 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 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 grant moneys received by the Issuer for the Project.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined. 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, collectively, the letter of credit or letters of credit, surety bond or other credit facility obtained by the Company or the Issuer to fund the Reserve Accounts for the benefit of the Commission, and any subsequent replacement or renewal Letter of Credit.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, providing for the purchase of the Series 2011 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 2011 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 Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

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

"Prior Bonds" means the Series 1996 Bonds, Series 1999 A Bonds, Series 1999 B Bonds and Series 2002 A Bonds.

"Prior Resolution" means the resolutions authorizing the Prior Bonds.

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

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as

practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

"Registrar" means the Bond Registrar.

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

"Reserve Accounts" means, collectively, the respective reserve accounts for Series 2011 A Bonds and the Prior Bonds.

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

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

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

"Series 1996 Bonds" means 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.

"Series 1999 A Bonds" means the Issuer's 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.

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

"Series 2002 A Bonds" means the Issuer's Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated June 4, 2002, issued in the original aggregate principal amount of $558,620.

"Series 2011 A Bonds" means the Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2011 A Bonds Reserve Account" means the Series 2011 A Bonds Reserve Account established in the Series 2011 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2011 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2011 A Bonds in the then current or any succeeding year.

"Series 2011 A Bonds Sinking Fund" means the Series 2011 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2011 Bonds Construction Trust Fund" means the Series 2011 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2011 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 2011 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2011 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 Series 2011 A Bonds or any other obligations of the Issuer, including, without limitation, any Sinking Fund or Reserve Account which may hereafter be established.

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

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

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

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender; 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 $7,862,000 in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2011 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, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated to be $7,862,000, of which approximately $3,400,000 will be obtained from proceeds of the Series 2011 A Bonds, $200,000 will be obtained as grant from West Virginia Bureau of Public Health, approximately $1,500,000 will be obtained from a Small Cities Block Grant; approximately $1,388,000 will be obtained from an Appalachian Regional Council Grant, approximately $700,000 will be obtained from a U.S. Corps of Engineers Grant, approximately $341,000 will be obtained from Governor's Contingency Grant, and approximately $333,000 will be from funds contributed by the Company.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2011 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2011 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 Series 2011 A Bonds of the Issuer. The Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $3,400,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2011 A Bonds remaining after capitalizing interest on the Series 2011 A Bonds, if any, shall be deposited in or credited to the Series 2011 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 2011 A Bonds shall be issued in such principal amount; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2011 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, if any, on the Series 2011 A Bonds, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2011 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 2011 A Bonds. The Series 2011 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 bear interest, if any, and shall be dated as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2011 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 2011 A Bonds shall cease to be such officer of the Issuer before the Series 2011 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 such Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration. The Bond Registrar with respect to the Series 2011 A Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2011 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 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 2011 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 Series 2011 A Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2011 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 2011 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 2011 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 Series 2011 A Bonds.

The registered Series 2011 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 the Series 2011 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 2011 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 2011 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 2011 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2011 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2011 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System on a parity with the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2011 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 2011 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2011 A Bonds to the original purchasers upon receipt of the documents set forth below:

(i) If other than the Authority, a list of the names in which the Series 2011 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(ii) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2011 A Bonds to the original purchasers;

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

(iv) An executed copy of the Loan Agreement;

(v) A copy of the Agreement;

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

(vii) The unqualified approving opinion of bond counsel on the Series 2011 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2011 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:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2011 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OAKVALE ROAD PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2011 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: This ___ day of _____, 2011, 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, 20____ to and including _____ 1, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2011.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2011, and a Supplemental Resolution duly adopted by the Issuer on _____, 2011 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and

secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S: (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 (THE "SERIES 1996 BONDS); (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 (THE "SERIES 1999 A BONDS"); (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 (THE "SERIES 1999 B BONDS"); AND (IV) WATER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 4, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $558,620 (THE "SERIES 2002 A BONDS"), (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, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation, and as long as the Agreement (as defined in the Bond Legislation) is in place, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 100% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2011 A Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

[Remainder of Page Intentionally Blank]

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 the day and year first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 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: _____, 2011.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20___.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2011 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. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

(2) Series 2011 Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if previously established by Prior Resolution) 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 (established by Prior Resolution);

(2) Series 1996 Bonds Reserve Account funded with Letter of Credit (established by Prior Resolution);

(3) Series 1999 A Bonds Sinking Fund (established by Prior Resolution);

(4) Series 1999 A Bonds Reserve Account funded with Letter of Credit (established by Prior Resolution);

(5) Series 1999 B Bonds Sinking Fund (established by Prior Resolution);

(6) Series 1999 B Bonds Reserve Account funded with Letter of Credit (established by Prior Resolution);

(7) Series 2002 A Bonds Sinking Fund (established by Prior Resolution);

(8) Series 2002 A Bonds Reserve Account funded with Letter of Credit (established by Prior Resolution);

(9) Series 2011 A Bonds Sinking Fund; and

(10) Series 2011 A Bonds Reserve Account (to be funded with Letter of Credit).

Section 5.03. System Revenues; Flow of Funds.

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the interest payments on the Series 1996 Bonds, the Series 1999 A Bonds and the Series 1999 B Bonds as required by Prior Resolution;

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the principal payments due on the Prior Bonds as required by Prior Resolution; and (ii) commencing 4 months prior to the first date of payment of principal of the Series 2011 A Bonds, for deposit in the Series 2011 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2011 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 2011 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Series 2011 A Bonds Reserve Account shall be funded with the Letter of Credit. In the event the Letter of Credit is terminated or reduced, the Issuer shall be required to fund the Series 2011 A Bonds Reserve Account in the amounts required under the Loan Agreement, unless such requirement is waived by the Authority and the Council.

(5) So long as the Letter of Credit is in place, no Renewal and Replacement Fund shall be required for the Series 2011 A Bonds and Prior Bonds. In the event the Letter of Credit is terminated or reduced, the Issuer shall be required to establish a Renewal and Replacement Fund in the amounts required under the Loan Agreement, unless such requirement is waived by the Authority or the Council.

(6) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Series 2011 A Bonds or for any lawful purpose of the System.

Moneys in the Series 2011 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2011 A Bonds, as the same shall become due. Moneys in the Series 2011 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2011 A Bonds as the same shall come due, when other moneys in the Series 2011 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2011 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 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, if any, due on the Series 2011 A Bonds, and then to the next ensuing principal payment due thereon.

As and when additional Bonds are issued ranking on a parity with the Series 2011 A Bonds, provision shall be made for additional payments into the 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 2011 A Bonds Sinking Fund when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2011 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, if any, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2011 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2011 A Bonds Sinking Fund and the Series 2011 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2011 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2011 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. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement and submit a copy of said form, together with a copy of its payment check, to the Authority by the 5th day of such calendar month.

C. 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.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay 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.

E. 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.

F. 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.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2011 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2011 A Bonds, there shall first be deposited with the Commission in the Series 2011 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 2011 A Bonds for the period commencing on the date of issuance of the Series 2011 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. The remaining moneys derived from the sale of the Series 2011 A Bonds shall be deposited with the Depository Bank in the Series 2011 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 2011 A Bonds.

C. The Depository Bank shall act as a trustee and fiduciary for the Bondholders with respect to the Series 2011 Bonds Construction Trust Fund and shall comply with all requirements with respect to the disposition of such funds set forth in the Bond Legislation.

Section 6.02. Disbursements From the Bond Construction Trust Fund. To make disbursements from the Series 2011 Bonds 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 from the proceeds of the Series 2011 A Bonds shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2011 Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer stating that:

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

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

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

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

Pending such application, moneys in the Series 2011 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of construction of the Project, as certified by the Consulting Engineers, and all costs of the Project have been paid, any remaining proceeds of the Series 2011 A Bonds shall be applied as directed by the Council.

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 2011 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 2011 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 2011 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2011 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 any Series 2011 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2011 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues, Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2011 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System on a parity with the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2011 A 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 Company has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of Certified Public Accountant to such effect. The Company and the Issuer have received the Final Order of the Public Service Commission of West Virginia entered on August 9, 2010 in Case No. 08-0900-W-42T approving the rates and charges for the services of the System. The time for appeal of such Order has expired prior to the date hereof without any appeal The Issuer hereby adopts such rates and charges.

So long as the Series 2011 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 2011 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 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 2011 A Bonds, immediately be remitted to the Commission for deposit in the respective Sinking Funds, 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, if any, on the Series 2011 A Bonds. Any balance remaining after the payment of the Series 2011 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue Fund or if the Renewal and Replacement Fund is created hereunder, then in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with a professional

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

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2011 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2011 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 2011 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 2011 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 2011 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 of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2011 A Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority and the Council under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2011 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 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 2011 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 2011 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 and commencement of operation of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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

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

The Issuer shall file with the Council, the Authority, or any other original purchaser of the Series 2011 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2011 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 (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2011 A Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2011 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 2011 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 2011 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2011 A 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 covenant.

The Issuer will serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer will not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer will certify to the Authority the number of customers added to the System.

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

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

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

subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15. Insurance and Construction Bonds.

A. The Issuer hereby covenants and agrees that so long as the Series 2011 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 Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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

Section 7.17. Completion, Operation and Maintenance of Project; Permits and Orders. The Issuer shall complete or cause to be completed under the Agreement the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards. The Issuer shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2011 A Bonds are outstanding. To the extent operation and maintenance is performed by the Company, the Issuer shall enforce the provisions of the Agreement to fulfill compliance with this covenant. Pursuant to the Agreement, the Company has agreed to operate and maintain the System at its own expense.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the financing, acquisition and construction of the Project, the

operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect.

Section 7.18. Reserved.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2011 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 2011 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with copies of all documents submitted to the Authority.

The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the 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.

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

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

Section 7.22. Contracts; Change Orders; Public Releases.

A. The Issuer shall, simultaneously with the delivery of the Series 2011 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 Authority and the Council for written approval. The Issuer shall obtain the written approval of the Authority and the Council before expending any proceeds of the Series 2011 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 Authority and Council before expending any proceeds of the Series 2011 A Bonds made available due to bid or construction or project underruns.

C. The Issuer 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 ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS;USE OF PROCEEDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2011 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 2011 A Bonds as a condition to issuance of the Series 2011 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 2011 A Bonds as may be necessary in order to maintain the status of the Series 2011 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 2011 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 or the Council, as the case may be, from which the proceeds of the Series 2011 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 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 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 2011 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2011 A Bonds or any Prior 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 2011 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2011 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, the Registrar or any other Paying Agent or a Holder of a Bond; or

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2011 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 2011 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2011 A Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2011 A Bonds shall be on a parity with the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2011 A Bonds may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System

and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of the Series 2011 A Bonds shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Series 2011 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 2011 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 2011 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 2011 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 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 2011 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 2011 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2011 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 2011 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2011 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, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Series 2011 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 2011 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 2011 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
P.O. Box 1061
Princeton, West Virginia 24740
Attention: Chairman

COMPANY:

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

AUTHORITY:

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

COUNCIL:

West Virginia Infrastructure Council
180 Association Drive
Charleston, West Virginia 25311-1571
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 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 the 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 1st day of September, 2011.

Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of OAKVALE ROAD PUBLIC SERVICE DISTRICT on the 1st day of September, 2011.

Dated: September 8, 2011

[SEAL]

Dennis R Cole
Secretary

667990.00002

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EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2011 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 FUND THE RESERVE ACCOUNT; APPROVING THE AMENDMENT TO OPERATION AND MAINTENANCE AGREEMENT; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Oakvale Road Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective September 1, 2011 (the "Resolution") entitled:

RESOLUTION AUTHORIZING ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS 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 NOT MORE THAN $3,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 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 2011 A (West Virginia Infrastructure Fund) of the Issuer (the "Series 2011 A Bonds"), in the aggregate principal amounts not to exceed $3,400,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2011 A Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), 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 amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Issuer and the West Virginia American Water Company (the "Company") have agreed to amend the Operation and Maintenance Agreement dated May 8, 1995, by entering into the Fourth Amendment to Agreement dated September 8, 2011 (the "Amendment to Agreement");

WHEREAS, the Company has agreed to purchase a Letter of Credit from JPMorgan Chase Bank, N.A. in the amount of $178,952 (the "Letter of Credit") to fund the Series 2011 A Bonds Reserve Account;

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF 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 2011 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $3,400,000. The Series 2011 A Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2051 and shall bear no interest. The principal of the Series 2011 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2013 to and including September 1, 2051, and in the amounts as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Series 2011 A Bonds. The Series 2011 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, so long as the Authority shall be the registered owner of the Series 2011 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, including all schedules and exhibits attached thereto, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council and the Authority.

Section 4. The Issuer does hereby authorize, ratify, approve and accept the Amendment to Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Amendment to Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby approve the Letter of Credit and the issuance of the Letter of Credit to fund the Reserve Account for the Series 2011 A Bonds, and hereby agrees that the Authority may hereafter require that the 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 6. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

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

Section 8. The Issuer does hereby appoint and designate New Peoples Bank, Princeton, West Virginia, to serve as Depository Bank under the Resolution.

Section 9. Series 2011 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2011 A Bonds Sinking Fund as capitalized interest.

Section 10. Series 2011 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2011 A Bonds Reserve Account. The Series 2011 A Bonds Reserve Account shall be funded with the Letter of Credit in the stated amount of $178,952.

Section 11. The balance of the proceeds of the Series 2011 A Bonds shall be deposited in or credited to the Series 2011 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 2011 A Bonds and related costs.

Section 12. The Chairman, Secretary and General Manager are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about September 8, 2011.

Section 13. The acquisition and construction of the Project, and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed by the Issuer. Moneys in the Sinking Fund shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 15. The Issuer hereby consents and agrees to the Special Conditions of the Loan Agreement hereto attached as Exhibit A and incorporated herein.

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

[Remainder of Page Intentionally Blank]

Adopted this 1st day of September, 2011.

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 1st day of September, 2011.

Dated: September 8, 2011.

[SEAL]

Dennis R Cole

Secretary

667990.00002

Exhibit A

Special Conditions – Use of Bid Underrun

Prior to drawing any funds in the Bid Underrun line item on the Schedule B, the Governmental Agency shall (a) obtain the Council's approval of any change order or orders related to the bid underrun; and (b) provide the Council a Final Title Opinion(s) with respect to all land and rights of ways associated with the change orders.

IC-1
(08/11)

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
(2006W-908)

(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.13 The Governmental Agency shall serve the additional customers at the location(s) as set forth in Schedule X. The Governmental Agency shall not reduce the amount of additional customers served by the project without the prior written approval of the WDA Board. Following completion of the Project the Governmental Agency shall certify to the Authority the number of customers added to the System.

2.14 The Governmental Agency shall perform an annual maintenance audit which maintenance audit shall be submitted to the WDA and the Public Service Commission of West Virginia.

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, including compliance with Chapter 21, Article 1D of the Code of West Virginia, 1931, as amended, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

month. When required by the Authority, the Local Entity shall make monthly payments to the Commission by electronic transfer;

(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 making any changes to the final Schedule B and also 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: _____
Its: Chairman
Date: September 8, 2011

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: September 8, 2011

Attest:

_____
Its: Authorized Officer

{C2127920.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____,

successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) all contractors to be awarded contracts for the construction of the Project have submitted affidavits indicating such contractor has a drug free workplace plan pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended; (vi) 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; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) 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; (x) 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; (xi) 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 (xii) 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.

4. The Project will serve _____ new customers in the _____ area.

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

[SEAL]

_____

By: _____
West Virginia License No. _____

Esq.] and delete "my firm has ascertained that".

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency _____

Name of Bond Issue(s) _____

Type of Project _____ **Water** _____ **Wastewater**

Fiscal Year _____ **Report Month** _____

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

_____

Name of Person Completing Form

_____

Address

_____

Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:	
Interest	$
Principal	$
Total:	$
Reserve Account:	$

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $3,400,000
Purchase Price of Local Bonds $3,400,000

The Local Bonds shall bear no interest. Commencing December 1, 2013, principal on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

(i) Oakvale Road Public Service District 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) Oakvale Road Public Service District 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;

(iii) Oakvale Road Public Service District Water Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), dated November 4, 1999, issued in the original aggregate principal amount of $731,511; and

(iv) Oakvale Road Public Service District Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated June 4, 2002, issued in the original aggregate principal amount of $558,620.

Number of New Customers to Be Served: 325
Location: Greasy Ridge, Possum Hollow Road, Harmon Branch, Cheesy Creek, Poplar Grove Estates and Town of Oakvale areas.

SCHEDULE Y
DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

Oakvale Road Public Service District

IF

$3,400,000

0% Interest Rate

40 Years from Closing Date

Dated Date 9/8/2011

Delivery Date 9/8/2011

Period Ending	Principal	Interest	Debt Service
12/1/2013	22,369		22,369
3/1/2014	22,369		22,369
6/1/2014	22,369		22,369
9/1/2014	22,369		22,369
12/1/2014	22,369		22,369
3/1/2015	22,369		22,369
6/1/2015	22,369		22,369
9/1/2015	22,369		22,369
12/1/2015	22,369		22,369
3/1/2016	22,369		22,369
6/1/2016	22,369		22,369
9/1/2016	22,369		22,369
12/1/2016	22,369		22,369
3/1/2017	22,369		22,369
6/1/2017	22,369		22,369
9/1/2017	22,369		22,369
12/1/2017	22,369		22,369
3/1/2018	22,369		22,369
6/1/2018	22,369		22,369
9/1/2018	22,369		22,369
12/1/2018	22,369		22,369
3/1/2019	22,369		22,369
6/1/2019	22,369		22,369
9/1/2019	22,369		22,369
12/1/2019	22,369		22,369
3/1/2020	22,369		22,369
6/1/2020	22,369		22,369
9/1/2020	22,369		22,369
12/1/2020	22,369		22,369
3/1/2021	22,369		22,369
6/1/2021	22,369		22,369
9/1/2021	22,369		22,369
12/1/2021	22,369		22,369
3/1/2022	22,369		22,369
6/1/2022	22,369		22,369
9/1/2022	22,369		22,369
12/1/2022	22,369		22,369
3/1/2023	22,369		22,369
6/1/2023	22,369		22,369
9/1/2023	22,369		22,369
12/1/2023	22,369		22,369
3/1/2024	22,369		22,369
6/1/2024	22,369		22,369

BOND DEBT SERVICE

Oakvale Road Public Service District

IF

$3,400,000

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
9/1/2024	22,369		22,369
12/1/2024	22,369		22,369
3/1/2025	22,369		22,369
6/1/2025	22,369		22,369
9/1/2025	22,369		22,369
12/1/2025	22,369		22,369
3/1/2026	22,369		22,369
6/1/2026	22,369		22,369
9/1/2026	22,369		22,369
12/1/2026	22,369		22,369
3/1/2027	22,369		22,369
6/1/2027	22,369		22,369
9/1/2027	22,369		22,369
12/1/2027	22,369		22,369
3/1/2028	22,369		22,369
6/1/2028	22,369		22,369
9/1/2028	22,369		22,369
12/1/2028	22,369		22,369
3/1/2029	22,369		22,369
6/1/2029	22,369		22,369
9/1/2029	22,368		22,368
12/1/2029	22,368		22,368
3/1/2030	22,368		22,368
6/1/2030	22,368		22,368
9/1/2030	22,368		22,368
12/1/2030	22,368		22,368
3/1/2031	22,368		22,368
6/1/2031	22,368		22,368
9/1/2031	22,368		22,368
12/1/2031	22,368		22,368
3/1/2032	22,368		22,368
6/1/2032	22,368		22,368
9/1/2032	22,368		22,368
12/1/2032	22,368		22,368
3/1/2033	22,368		22,368
6/1/2033	22,368		22,368
9/1/2033	22,368		22,368
12/1/2033	22,368		22,368
3/1/2034	22,368		22,368
6/1/2034	22,368		22,368
9/1/2034	22,368		22,368
12/1/2034	22,368		22,368
3/1/2035	22,368		22,368
6/1/2035	22,368		22,368
9/1/2035	22,368		22,368
12/1/2035	22,368		22,368
3/1/2036	22,368		22,368

BOND DEBT SERVICE

Oakvale Road Public Service District

IF

$3,400,000

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
6/1/2036	22,368		22,368
9/1/2036	22,368		22,368
12/1/2036	22,368		22,368
3/1/2037	22,368		22,368
6/1/2037	22,368		22,368
9/1/2037	22,368		22,368
12/1/2037	22,368		22,368
3/1/2038	22,368		22,368
6/1/2038	22,368		22,368
9/1/2038	22,368		22,368
12/1/2038	22,368		22,368
3/1/2039	22,368		22,368
6/1/2039	22,368		22,368
9/1/2039	22,368		22,368
12/1/2039	22,368		22,368
3/1/2040	22,368		22,368
6/1/2040	22,368		22,368
9/1/2040	22,368		22,368
12/1/2040	22,368		22,368
3/1/2041	22,368		22,368
6/1/2041	22,368		22,368
9/1/2041	22,368		22,368
12/1/2041	22,368		22,368
3/1/2042	22,368		22,368
6/1/2042	22,368		22,368
9/1/2042	22,368		22,368
12/1/2042	22,368		22,368
3/1/2043	22,368		22,368
6/1/2043	22,368		22,368
9/1/2043	22,368		22,368
12/1/2043	22,368		22,368
3/1/2044	22,368		22,368
6/1/2044	22,368		22,368
9/1/2044	22,368		22,368
12/1/2044	22,368		22,368
3/1/2045	22,368		22,368
6/1/2045	22,368		22,368
9/1/2045	22,368		22,368
12/1/2045	22,368		22,368
3/1/2046	22,368		22,368
6/1/2046	22,368		22,368
9/1/2046	22,368		22,368
12/1/2046	22,368		22,368
3/1/2047	22,368		22,368
6/1/2047	22,368		22,368
9/1/2047	22,368		22,368
12/1/2047	22,368		22,368

BOND DEBT SERVICE

Oakvale Road Public Service District

IF

$3,400,000

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
3/1/2048	22,368		22,368
6/1/2048	22,368		22,368
9/1/2048	22,368		22,368
12/1/2048	22,368		22,368
3/1/2049	22,368		22,368
6/1/2049	22,368		22,368
9/1/2049	22,368		22,368
12/1/2049	22,368		22,368
3/1/2050	22,368		22,368
6/1/2050	22,368		22,368
9/1/2050	22,368		22,368
12/1/2050	22,368		22,368
3/1/2051	22,368		22,368
6/1/2051	22,368		22,368
9/1/2051	22,369		22,369
	3,400,000		3,400,000

SCHEDULE Z

Special Conditions – Use of Bid Underrun

Prior to drawing any funds in the Bid Underrun line item on the Schedule B, the Governmental Agency shall (a) obtain the Council's approval of any change order or orders related to the bid underrun; and (b) provide the Council a Final Title Opinion(s) with respect to all land and rights of ways associated with the change orders.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
7/25/2011
Per Commission
Order Waiving the
Exception Period

Entered: July 11, 2011

CASE NO. 11-0262-PWD-CN

OAKVALE ROAD PUBLIC SERVICE DISTRICT
Application for a certificate of convenience and necessity to provide water service to the Oakvale and Poplar Grove areas of southeast Mercer County (known as Phase IV-A of the Mercer/Summers Regional Water Project)

RECOMMENDED DECISION

On February 28, 2011, the Oakvale Road Public Service District (Utility) filed an application for a certificate of convenience and necessity to extend its water distribution system.

On March 1, 2011, the Commission ordered the Utility to publish notice of its filing. On March 14, 2011, the Utility filed an affidavit of publication indicating proper publication of the Notice of Filing. There have been no protests filed pursuant to the Notice.

On March 15, 2011, the Commission referred the matter requiring a decision on or before July 13, 2011.[1]

On April 6, 2011, West Virginia-American Water Company (WVAWC) petitioned to intervene. By Procedural Order entered April 6, 2011, WVAWC was made a party to the proceeding.

On July 8, 2011, Staff recommended that the Utility be granted a certificate.

FINDINGS OF FACT

1. On February 28, 2011, the Utility filed an application for a certificate of convenience and necessity to extend its water service to provide potable water to 372 customers in Mercer County in the areas of Poplar Grove Estates, Greasy Ridge, Possum Hollow Road, Harmon Branch, Cheesy Creek, and the town of Oakvale. (See Application).

2. Eighty percent of the potential customers have signed user agreements. (See Staff filing of July 8, 2011).

[1]On June 27, 2011, the Utility moved to toll the statutory deadline and extend the decision due deadline. On July 6, 2011, the Commission denied the motion.

3. The residents in the area currently rely on private wells of marginal to low quality with high iron content, poor taste and fecal contamination. (See Staff filing of July 8, 2011).

4. The Town of Oakvale experienced flooding which contaminated wells in the Town. (Id.).

5. The project will include the construction of approximately 24 miles of water main ranging from 12-inch to 2-inch, two pressure reducing stations, and one 100,000-gallon water storage tank. (Id.).

6. Potable water will be provided by the WVAWC treatment facility located at True. (Id.).

7. The project is estimated to cost $7,862,000, which is a cost per customer of $21,134, which Staff deems reasonable. (Id.).

8. Engineering fees for the project are $631,465, which is 10.3% of the construction cost of the project which is consistent with the manual of practice of the American Society of Civil Engineers. (Id.).

9. WVAWC will operate the Utility's system under WVAWC's current rates. (Id.).

10. The Utility has obtained all necessary permits for the project. (Id.).

11. The plans and specifications do not conflict with Commission Rules and Regulations. (Id.).

12. The project will be financed by a West Virginia Infrastructure and Jobs Development Council loan in the amount of $3,400,000 at 0% interest for forty years; a US Army Corp of Engineers grant in the amount of $700,000; an Appalachian Regional Commission Grant in the amount of $1,388,000; a WV Bureau of Public Health Design Grant in the amount of $200,000; a Small Cities Block Grant in the amount of $1,500,000; a Governor's Contingency Grant in the amount of $341,000; and a contribution from the Utility and WVAWC in the amount of $333,000. (Id.).

13. The Utility had its proposed boundary adjustment approved by the Mercer County Commission. Legal Staff has recommended that the Public Service Commission approve the boundary adjustment, but, to date, the Public Service Commission has not done so. (Id.).

14. The project will require the operation and maintenance agreement between WVAWC and the Utility to be amended to extend the term of the agreement and to ensure that WVAWC's use fee obligation is not less than the Utility's annual debt service obligation for the bonds. WVAWC is committing to an annual use fee of $92,500 made payable directly to the bondholder or its designee. (Id.).

15. The Utility will have a surplus of $5,713. (See Staff filing of July 8, 2011).

16. Staff recommended granting the certificate without a hearing and approving the proposed financing. (Id.).

CONCLUSIONS OF LAW

1. The Utility's request to waive the Rule 42 filing requirements is reasonable and should be granted.

2. The public convenience and necessity require the proposed project.

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

4. The application for a certificate of convenience and necessity should be granted contingent upon the Commission approving the boundary adjustment in Case No. 11-0763-PWD-PC.

ORDER

IT IS, THEREFORE, ORDERED that the Oakvale Road Public Service District be, and hereby is, granted a certificate of convenience and necessity to construct the extensions and improvements to its water system as described in its application of February 28, 2011. The cost of the project shall not exceed $7,862,000. Approval is contingent upon the Utility obtaining Public Service Commission approval of its boundary adjustment in Case No. 11-0763-PWD-PC and obtaining all necessary state and federal permits before construction.

IT IS FURTHER ORDERED that the Oakvale Road Public Service District's request for a waiver of the Rule 42 filing requirements be, and hereby is, granted.

IT IS FURTHER ORDERED that the proposed financing, consisting of a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of $3,400,000 for 40 years at 0% interest; a grant from the United States Army Corp of Engineers in the amount of $700,000; a grant from the Appalachian Regional Commission in the amount of $1,388,000; a grant from the West Virginia Bureau of Public Health Design Fund in the amount of $200,000; a Small Cities Block Grant in the amount of $1,500,000; a Governor's Contingency Grant in the amount of $341,000; and a contribution from the West Virginia-American Water Company and the Oakvale Road Public Service District in the amount of $333,000, be, and hereby is, approved.

IT IS FURTHER ORDERED that, if the scope or plans for the project change, or project cost or financing changes require a further rate increase beyond any discussed in this Order, the Utility must obtain prior Commission approval before commencing construction. Changes in project cost or financing do not require separate approval if those changes do not affect rates and the Utility submits an affidavit from a certified public accountant to this effect.

IT IS FURTHER ORDERED that the Utility provide the Commission with a copy of an engineer's certified bid tabulation for all contracts awarded on this project, as soon as they are available, but no later than ten days after the bid opening date.

IT IS FURTHER ORDERED that the Utility submit to the Commission a copy of the certificate of substantial completion issued for each

construction contract associated with the project, as soon as they are available, but no later than ten days after the issuance of such documents.

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

IT IS FURTHER ORDERED that the amendments to the Operation and Maintenance Agreement between West Virginia-American Water Company and the Oakvale Road Public Service District filed in this case be, and hereby are, approved. The parties shall file an executed copy of the agreement within thirty days of the date that this Order becomes a final order of the Commission.

IT IS FURTHER ORDERED that the matter be removed from the open docket.

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

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

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

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

K. A. George

Keith A. George
Administrative Law Judge

KAG:cdk
110262aa.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 9th day of August 2010.

CASE NO. 08-0900-W-42T

WEST VIRGINIA-AMERICAN WATER COMPANY
a private utility, Charleston, Kanawha County.
Tariff Rule 42 tariff filing to increase water rates and charges.

CASE NO. 10-0920-W-42T

WEST VIRGINIA-AMERICAN WATER COMPANY,
a private utility, Charleston, Kanawha County.
Rule 42T application to increase water rates and charges.

COMMISSION ORDER

This Order moves the proposed West Virginia-American Water Company (WVAWC) Distribution System Improvement Charge (DSIC) issue from Case No. 08-0900-W-42T into Case No. 10-0920-W-42T (the 2010 rate case), cancels the August 24 and 25, 2010 hearing in Case No. 08-0900-W-42T, and closes Case No. 08-0900-W-42T.

BACKGROUND

Case No. 08-0900-W-42T

On March 25, 2009, the Commission issued a final order in Case No. 08-0900-W-42T authorizing increased rates and charges for use by WVAWC. As part of that proceeding, WVAWC asked that the Commission recognize $4 million in post-test year rate base related to investment in small main replacement. The Commission recognized a need for a more concerted effort in replacement of mains and services but was not convinced that it was reasonable to allow a rate base adjustment in anticipation of future incremental investment. Instead, the Commission stated that it may consider the implementation of a periodic surcharge to reflect more timely the incremental investment in replacement of water mains in rates as compared to prior years. The Commission stated it might alternatively consider an accounting mechanism to accrue an allowance for funds used for increased line replacements until such time as that cost is reflected in rates. That surcharge or accounting

allowance would have to include a standard for identifying increased plant investment in excess of some base amount and a mechanism for implementing periodic surcharge adjustments or quantifying an appropriate allowance for funds expended on such replacements. The Commission suggested that WVAWC consult Commission Staff and the Consumer Advocate Division (CAD) regarding a surcharge or accounting procedure to protect WVAWC against an erosion of earnings for identifiable, quantifiable, and verifiable incremental investment in main replacement. March 25, 2009 Order at pages 32-33.

On December 21, 2009, WVAWC filed a petition to reopen this proceeding seeking approval to implement a Distribution System Improvement Charge (DSIC) to allow WVAWC to recover the fixed costs (including depreciation and pre-tax return) of certain non-revenue producing, non-expense reducing distribution system improvement projects completed between base rate cases. Specifically, WVAWC seeks to generate revenue between general rate cases to (i) accelerate the replacement of aging water distribution infrastructure, (ii) assist in its compliance with the regulatory requirements of the Safe Drinking Water Act, (iii) assist in its development and implementation of solutions to regional water supply issues, and (iv) reduce its non-revenue water losses. WVAWC stated that the DSIC will produce an additional $2,200,732 in annual operating revenues.

On February 12, 2010, the Commission issued an order (i) establishing a procedural schedule including a hearing regarding the DSIC, and (ii) directing WVAWC to provide public notice of this proceeding.

On April 12, 2010, the WVAWC moved to reschedule the hearing.

On April 19, 2010, the Commission issued an Order (i) rescheduling the hearing to August 24 and 25, 2010, (ii) requiring WVAWC to publish revised notice of the hearing date, and (iii) extending the filing dates for the remaining testimony in this case.

On June 29, 2010, CAD filed a Motion to Dismiss. CAD stated that WVAWC seeks recovery of plant investment that is now included in the general rate case filed June 22, 2010, by WVAWC (Case No. 10-0920-W-42T). CAD stated that the appropriate and administratively efficient approach is to dismiss this DSIC case and consider the issues raised by that filing in the context of the current general rate case, rather than invoking the "anti-pancaking" provision of W.Va. Code §24-2-4a to bar the general rate case filing.

On July 1, 2010, Staff joined in the CAD Motion to Dismiss. Staff suggested, as an alternative, that the Commission dismiss Case No. 10-0920-W-42T because it violates the "anti-pancaking" provisions of W.Va. Code §24-2-4a.

On July 1, 2010, WVAWC filed a Response to the CAD Motion to Dismiss. WVAWC asserted that (i) Case No. 08-0900-W-42T was a final order for purposes of the "anti-pancaking" provision on entry of the March 25, 2009 Commission Order, (ii) neither the February 12, 2010 nor the April 19, 2010 Commission Orders suspended the proposed

DSIC tariffs in the same fashion as general rate cases are suspended by the Commission under W.Va. Code §24-2-4a, (iii) to avoid controversy arising from the CAD Motion to Dismiss WVAWC will waive any rate relief arising from its DSIC proposal, and will await the resolution of Case No. 10-0920-W-42T to reflect the DSIC in the rates paid by its customers, and (iv) the Commission should maintain the present procedural schedule in Case No. 08-0900-W-42T.

On July 14, 2010, the South Bluefield Neighborhood Association filed a letter concurring with the July 1, 2010 Staff filing.

Case No. 10-0920-W-42T

On June 22, 2010, WVAWC tendered revised tariff sheets reflecting increased rates and charges of approximately $18.4 million (a 15.13% increase) for furnishing potable water to approximately 171,000 customers in the Counties of Boone, Braxton, Cabell, Clay, Fayette, Harrison, Jackson, Kanawha, Lewis, Lincoln, Logan, Mason, Mercer, Putnam, Raleigh, Roane, Summers, Wayne and Webster to become effective on July 22, 2010.

On July 12, 2010, the Commission (i) suspended implementation of the revised tariff sheets until 12:01 a.m., April 19, 2011, to allow time for the Commission to review the proposed rate increase, (ii) granted a petition to intervene filed by CAD, and (iii) established a procedural schedule.

On July 14, 2010, the parties moved to adjust the direct and rebuttal pre-filed testimony due dates.

On July 15, 2010, the Commission issued an order modifying the testimony due dates.

DISCUSSION

Administrative Efficiency

The March 25, 2009 order in Case No. 08-0900-W-42T stated in part:

> Given the lack of record on these items, the Commission will not establish a procedure as described above for a $4 million rate base adjustment nor will the Commission in this case make an adjustment to reduce expenses to reflect a lower level of UFW. The Commission looks for improvement in this number and urges the Company to redouble its efforts to control UFW. The Company should discuss with Staff and CAD the pros and cons of a surcharge or accounting approach that could be the subject of a separate filing by the Company. **The Commission will consider a filing by the Company to be an allowable extension of this decision and would consider the implementation of a surcharge or accounting procedure in a separate**

proceeding without waiting for a future full rate case before implementing such a procedure. Whether the parties come to full agreement, partial agreement or no agreement at all, the Commission will not indicate in advance that it will approve a filing, but it will fully consider and rule on a mechanism to protect the Company against an erosion of earnings for identifiable, quantifiable and verifiable incremental investment in main replacement as described in the Water Loss Study. [Emphasis added.]

The Commission anticipated that the petition to reopen the 2008 rate case may have occurred in a period before the filing of a general rate case. Thus, the Commission authorized WVAWC to make such filing outside of a general rate case. At present, however, the DSIC proceeding coexists with the 2010 rate case, creating the potential for administrative inefficiencies and the allegations of pancaking of rate cases. To remedy this situation, the Commission (i) will move the DSIC issue from Case No. 08-0900-W-42T into Case No. 10-0920-W-42T, and (ii) close Case No. 08-0900-W-42T.

The parties in Case No. 08-0900-W-42T have already filed their direct testimony regarding the DSIC issue. The rebuttal testimony in that case was scheduled to be due on August 17, 2010. The Commission will cancel the August 17, 2010 rebuttal testimony due date and will instead (i) treat the DSIC direct testimony filed in Case No. 08-0900-W-42T as addenda to the direct testimony filings in Case No. 10-0920-W-42T. Rebuttal testimony on the DSIC issue may be made by all parties as part of the rebuttal testimony due November 22, 2010 in Case No. 10-0920-W-42T. The parties to Case No. 10-0920-W-42T, who are not also parties to Case No. 08-0900-W-42T, should file their direct testimony regarding the DSIC issue on November 12, 2010, along with their rate case testimony.

The only party in Case No. 08-0900-W-42T who is not a party to Case No. 10-0920-W-42T is the South Bluefield Neighborhood Association. The Commission will include the South Bluefield Neighborhood Association as a party in Case No. 10-0920-W-42T so that it may respond regarding the DSIC issue if it chooses to do so. Because the South Bluefield Neighborhood Association did not file direct testimony in Case No. 08-0900-W-42T when it had the opportunity to do so, it will not be permitted to file direct testimony in Case No. 10-0920-W-42T on the DSIC issue.

The Commission is mindful of the WVAWC argument that the DSIC issue may not receive sufficient attention from the Commission or parties if heard concurrently with other issues in the general rate case. The Commission considered but will reject the idea of retaining the August 24 and 25, 2010 hearing dates from Case No. 08-0900-W-42T for the purpose of taking evidence regarding the DSIC issue. The Commission concludes that retaining the August hearing dates would be unfair to those parties to Case No. 10-0920-W-42T that have not been part of Case No. 08-0900-W-42T, because of the short amount of time until the August hearing dates, and could result in unnecessary duplication and the need to spread the DSIC issue and witnesses across both the August and December hearing dates.

The Commission will require WVAWC to publish notice that (i) the DSIC issue will be moved into Case No. 10-0920-W-42T and (ii) cancellation of the August 24-25, 2010 hearing.

The CAD Motion

W.Va. Code §24-2-4a states that "[n]o utility may make application for a general rate increase while another general rate application is pending before the Commission and not finally acted upon." This provision of the statute is sometimes referred to as the "anti-pancaking" statute.

CAD argued that the WVAWC petition to reopen Case No. 08-0900-W-42T violates the anti-pancaking statute because the DSIC seeks recovery of plant investment that is now included, and for which recovery is sought, in Case No. 10-0920-W-42T. CAD suggested that the Commission move the DSIC issue into Case No. 10-0920-W-42T. The Staff response to the CAD Motion recommended that the Commission dismiss Case No. 10-0920-W-42T, as the filing of that case directly created an anti-pancaking violation.

By moving the DSIC issue into Case No. 10-0920-W-42T for purposes of administrative efficiency, the CAD motion, and the question of whether the concurrent DSIC and 2010 rate case proceedings violated the anti-pancaking statue, are moot.

FINDINGS OF FACT

The DSIC proceeding coexists with the 2010 rate case, creating administrative inefficiencies.

CONCLUSIONS OF LAW

1. For purposes of administrative efficiency it is reasonable to (i) move the DSIC issue from Case No. 08-0900-W-42T into Case No. 10-0920-W-42T, (ii) cancel the August 24-25, 2010 hearing in Case No. 08-0900-W-42T, and (iii) close Case No. 08-0900-W-42T.

2. The CAD Motion to Dismiss is moot in light of the Commission decision to move the DSIC issue from Case No. 08-0900-W-42T into Case No. 10-0920-W-42T.

3. It is reasonable to make the South Bluefield Neighborhood Association a party to Case No. 10-0920-W-42T.

ORDER

IT IS THEREFORE ORDERED that the CAD Motion to Dismiss is dismissed as moot.

IT IS FURTHER ORDERED that the DSIC issue in Case No. 08-0900-W-42T shall be considered as part of the rate case in Case No. 10-0920-W-42T. Hard copies of the filings in Case No. 08-0900-W-42T made prior to the date of this Order may be found in the file for Case No. 08-0900-W-42T and are incorporated by reference into Case No. 10-0920-W-42T. All filings made on and after the date of this Order on the DSIC issue should be filed in Case No. 10-0920-W-42T.

IT IS FURTHER ORDERED that the South Bluefield Neighborhood Association is made a party to Case No. 10-0920-W-42T.

IT IS FURTHER ORDERED that the procedural schedule previously established for testimony and hearing, including the August 24 and 25, 2010, hearing dates, regarding the DSIC issue in Case No. 08-0900-W-42T is cancelled.

IT IS FURTHER ORDERED that the DSIC direct testimony filed in Case No. 08-0900-W-42T shall be treated as addenda to the direct testimony of the respective parties' direct testimony filings in Case No. 10-0920-W-42T. Rebuttal testimony on the DSIC issue should be made by all parties as part of the rebuttal testimony due November 22, 2010 in Case No. 10-0920-W-42T. The parties to Case No. 10-0920-W-42T, who are not also parties to Case No. 08-0900-W-42T, should file their direct testimony regarding the DSIC issue on November 12, 2010, along with their rate case testimony.

IT IS FURTHER ORDERED that on entry of this order Case No. 08-0900-W-42T shall be removed from the Commission docket of open cases.

IT IS FURTHER ORDERED that WVAWC forthwith provide notice that the DSIC issue will be addressed as part of the general rate proceeding in Case No. 10-0920-W-42T, and that the August 24 and 25, 2010 hearing in Case No. 08-0900-W-42T is cancelled, by publishing the notice attached hereto as Appendix A one time in newspapers published and of general circulation in each county in which it serves customers, making due return to the Commission of proof of proper publication as soon as possible.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order by electronic service on all parties of record who have filed an e-service agreement, by United States First Class Mail on all parties of record who have not filed an e-service agreement, and on Staff by hand delivery.

A True Copy, Teste:

Sandra Squire
Executive Secretary

JJW/s
080900cj.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 08-0900-W-42T
WEST VIRGINIA-AMERICAN WATER COMPANY
Tariff Rule 42 tariff filing to increase rates and charges

CASE NO. 10-0920-W-42T
WEST VIRGINIA-AMERICAN WATER COMPANY,
Rule 42T application to increase water rates and charges.

PUBLIC NOTICE OF TRANSFER OF DISTRIBUTION SYSTEM IMPROVEMENT CHARGE FROM CASE NO. 08-0900-W-42T INTO CASE NO. 10-0920-W-42T, AND CANCELLATION OF SEPARATE EVIDENTIARY HEARING REGARDING THAT ISSUE

NOTICE is hereby given that on December 21, 2009, the West Virginia-American Water Company (WVAWC) filed a tariff supplement with the Public Service Commission of West Virginia seeking the reopening of Case No. 08-0900-W-42T and the approval of a proposed distribution system improvement charge (DSIC). WVAWC has asserted that the DSIC will enable it to replace its aging water distribution infrastructure by recovering the fixed costs (including depreciation and pre-tax return) of certain non-revenue producing, non-expense-reducing distribution system improvement projects completed between base rate cases.

On June 22, 2010, the WVAWC tendered revised tariff sheets reflecting increased rates and charges of approximately $18.4 million (a 15.13% increase) for furnishing potable water to approximately 171,000 customers in the Counties of Boone, Braxton, Cabell, Clay, Fayette, Harrison, Jackson, Kanawha, Lewis, Lincoln, Logan, Mason, Mercer, Putnam, Raleigh, Roane, Summers, Wayne and Webster to become effective on July 22, 2010. This proceeding was designated Case No. 10-0920-W-42T.

On August 9, 2010, the Commission issued an Order moving the DSIC issue into Case No. 10-0920-W-42T, so that the issue could be addressed as part of the ongoing general rate proceeding.

The Commission Order also cancelled the August 24 and 25, 2010, evidentiary hearing dates established in Case No. 08-0900-W-42T that were to be used to specifically hear evidence on the DSIC issue, and dismissed Case No. 08-0900-W-42T.

Please note that the evidentiary hearing to address the DSIC and general rate case issues in Case No. 10-0920-W-42T, will be noticed through separate publication.

P.S.C. W. Va. No. 26
Canceling P.S.C. W. Va. No. 25

OAKVALE ROAD PUBLIC SERVICE DISTRICT

OF

P.O. BOX 1061, PRINCETON, WEST VIRGINIA, 24740

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

in the entire territory served by the Oakvale Road Public Service District

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

RECEIVED
09 APR 27 PM 4:04
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

Issued: April 27, 2009

Effective: March 26, 2009

Issued by authority of an Order of the
Public Service Commission of West Virginia
in Case No. 08-0900-W-42T
(West Virginia American Water Company)

Issued by: Oakvale Road Public Service District

By _____

_____
Title

8/9/10

RULES AND REGULATIONS

I. Rules and Regulations for the Government of Water Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

Issued: April 27, 2009

Effective: March 26, 2009

Issued under authority of an Order of the Public Service Commission of West Virginia in Case No. 08-0900-W-42T (West Virginia-American Water Company).

RATE

	First	1,500	gallons used per month at the minimum charge
(I)	Next	28,500	gallons used per month $9.2022 per 1,000 gallons
(I)	Next	870,000	gallons used per month $6.0598 per 1,000 gallons
(I)	Next	8,100,000	gallons used per month $4.4090 per 1,000 gallons
(I)	All Over	9,000,000	gallons used per month $2.8680 per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than the following amount, according to the size of the meter installed:

(I)	3/4	inch meter or less	$ 20.75 per month
(I)	1	inch	50.84 per month
(I)	1-1/2	inch	100.99 per month
(I)	2	inch	161.21 per month
(I)	3	inch	301.68 per month
(I)	4	inch	502.34 per month
(I)	6	inch	1,004.01 per month
(I)	8	inch	1,606.04 per month

(I) INDICATES INCREASE

DISCONNECT

$20.00

RECONNECT

$20.00

RETURNED CHECK CHARGE

Actual Bank charge not to exceed $15.00

INCREMENTAL COST OF WATER

$.30 per 1,000 gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

DELAYED PAYMENT PENALTY

The Company's tariffs are net. On all current usage bills not paid within twenty-one (21) days of the date of bill, ten percent (10%) will be added to the net amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

Issued: April 27, 2009

Effective: March 26, 2009

Issued under authority of an Order of the Public Service Commission of West Virginia in Case No. 08-0900-W-42T (West Virginia-American Water Company).

SERVICE CONNECTION (TAP) FEE

Applicable to the entire Service Territory of West Virginia-American Water Company.

AVAILABILITY OF SERVICE

Available for residential, commercial, industrial, other public authority, and sales for resale customers.

CONNECTI0N (TAP) FEES

All Meter Sizes Connection	$300.00

Issued: April 27, 2009

Effective: March 26, 2009

Issued under authority of an Order of the Public Service Commission of West Virginia in Case No. 04-0373-W-42T (West Virginia-American Water Company).

WEST VIRGINIA
Infrastructure & Jobs Development Council

Gov. Earl Ray Tomblin
Chairman

Kenneth Lowe, Jr.
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Louis R. Spatafore
Public Member

Joseph Freeland
Public Member

D. K. "Bud" Carr
Public Member

James W. Ellars, P.E.
Executive Director

Barbara J. Pauley
Administrative Secretary

May 6, 2011

Pam Browning, General Manager
Oakvale Road Public Service District
P.O. Box 1061
Princeton, WV 24740

Re: Oakvale Road Public Service District
Water Project 2006W-908 (Revised)
Binding Commitment
(Action Required by May 31, 2011)

Dear Ms. Browning:

The West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) provides this binding offer of an Infrastructure Fund loan of approximately $3,400,000 (Loan) to the Oakvale Road Public Service District (District) for the above referenced water project (Project). 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 Infrastructure Council will authorize the West Virginia Water Development Authority (Authority) to enter into the 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 or 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.

The Infrastructure Council also recommends that the District receive a $1,388,000 Water Development Authority Grant Anticipation Note to be taken out either with an Appalachian Regional Commission grant or an Infrastructure Fund grant. Please contact the West Virginia Water Development Authority at 304-414-6500 for specific information on the steps the District needs to follow to apply for these funds. **Please note that this letter does not constitute funding approval from this agency.**

If the District has any questions regarding this commitment, please contact Jim Ellars at 304-414-6501 (X106).

Sincerely,

Kenneth Lowe, Jr.

Attachment

cc: Bob Decrease, P.E., BPH *(via e-mail)*
Ed Shutt, P.E., Stafford Consultants *(via e-mail)*
David N. Cole, Region I Planning & Development Council *(via e-mail)*
Chris Jarrett, WDA *(via e-mail)*
Samme Gee, Esq., Jackson Kelly *(via e-mail)*

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

OAKVALE ROAD PUBLIC SERVICE DISTRICT

By: Willis Warren

Its: Chairman

Date: 5/19/2011

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Oakvale Road Public Service District
Water Project 2006W-908

SCHEDULE A

A. Approximate Amount: $3,400,000 Loan

B. Loan: 3,400,000

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

C. Other Funding:

SCBG	$1,500,000
WVAWC	325,000
BPH design grant	200,000
Governor's contingency grant	341,000
COE grant	714,000
WDA GAN	1,388,000

D. Total Project Cost: $7,868,000

E. Proposed User Rates: Approximately $43.76 / 4000 gallons

West Virginia Infrastructure & Jobs Development Council

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

RECEIVED
JUN 16 2008
REGION I PDC

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

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

June 11, 2008

Pam Browning, General Manager
Oakvale Road Public Service District
P.O. Box 1061
Princeton, West Virginia 24740

Re: Oakvale Road Public Service District
Water Project 2006W-908

Dear Ms. Browning:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Oakvale Road Public Service District's (the "District") revised preliminary application to extend the Mercer/Summers Regional Water, Phase IVA, to serve 298 potential customers in Southeast Mercer County including the Town of Oakvale (the "Project").

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

Upon consideration of the revised preliminary application, the Council determined that the District should utilize $325,000 West Virginia American Water Company contribution, pursue a $1,500,000 Small Cities Block Grant and a $700,000 Corps of Engineers grant to fund this $6,266,000 project. Please contact the West Virginia Development Office at 558-4010 and the Corp of Engineers office at 399-5824 for specific information on the steps the District needs to follow to apply for these funds. **Please note that this letter <u>does not</u> constitute funding approval from these agencies.**

The Council also determined that the District may be eligible for a $3,400,000 Infrastructure Fund loan (0%, 40 years) and a $341,000 Infrastructure Fund grant pending final determination of the project's eligibility and readiness to proceed. **This letter is not a commitment letter of Infrastructure Funds.** The Project will be placed on the Council's pending list of projects.

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

Sincerely,

Kenneth Lowe, Jr.

Enclosure
cc: Bob DeCrease, P.E., BPH (w/o enclosure)
Debbie Legg, WVDO (w/o enclosure)
Sherry Adams, COE
Dan Bickerton, WVAWC
Region I Planning & Development Council
Ed Shutt, Stafford Consultants, Inc.

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 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 Authority, and the undersigned Chairman of Oakvale Road Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify this 8th day of September, 2011 as follows:

1. On the 8th day of September, 2011, the Authority received the Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $3,400,000, numbered AR-1 (the "Series 2011 A Bonds"), issued as a single, fully registered Bond dated September 8, 2011.

2. At the time of such receipt, all the Series 2011 A Bonds had been executed by the Chairman and the Secretary of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2011 A Bonds, of $17,500 being a portion of the principal amount of the Series 2011 A Bonds. The balance of the principal amount of the Series 2011 A Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

WITNESS our respective signatures on the day and year first written above

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Chairman

667990.00002

5697160

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 8th day of September, 2011:

(1) Bond No. AR-1, constituting the entire original issue of Oakvale Road Public Service District Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), in the principal amount of $3,400,000 (the "Series 2011 A Bonds"), dated September 8, 2011 (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 duly adopted by the Issuer on September 1, 2011, and a Supplemental Resolution duly adopted by the Issuer on September 1, 2011 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of a loan agreement for the Series 2011 A Bonds, dated September 8, 2011, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement");

(4) A copy of the Agreement between the Issuer and West Virginia-American Water Company;

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

(6) 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 Series 2011 A Bonds to the Authority upon payment to the Issuer of the sum of $17,500, representing a portion of the principal amount of the Series 2011 A Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Chairman

667990.00002

5697154

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
OAKVALE ROAD PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2011 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $3,400,000

KNOW ALL MEN BY THESE PRESENTS: This 8th day of September, 2011, 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 THREE MILLION FOUR HUNDRED THOUSAND DOLLARS ($3,400,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2013 to and including September 1, 2051 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated September 8, 2011.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on September 1,

2011, and a Supplemental Resolution duly adopted by the Issuer on September 1, 2011(collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S: (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 (THE "SERIES 1996 BONDS); (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 (THE "SERIES 1999 A BONDS"); (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 (THE "SERIES 1999 B BONDS"); AND (IV) WATER REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 4, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $558,620 (THE "SERIES 2002 A BONDS"), (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, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, unexpended proceeds of the Bonds and proceeds of the Letter of Credit. Pursuant to the Bond Legislation, and as long as the Agreement (as defined in the Bond Legislation) is in place, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 100% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds. In the event the Agreement is no longer in place, the Issuer has covenanted and agreed to adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and the Loan Agreement. In the event the Letter of Credit is terminated or reduced, the Issuer has covenanted and agreed to fund the Series 2011 A Bonds Reserve Account in the amounts required under the Bond Legislation and the Loan Agreement. The Issuer has entered into certain further covenants with the

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

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

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

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

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

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

[Remainder of Page Intentionally Blank]

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 the day and year first written above.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

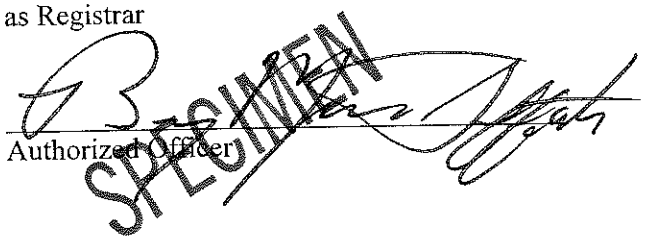
SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2011 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: September 8, 2011.

THE HUNTINGTON NATIONAL BANK,
as Registrar



Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $17,500	September 8, 2011	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

Oakvale Road Public Service District

IF

$3,400,000

0% Interest Rate

40 Years from Closing Date

Dated Date	9/8/2011
Delivery Date	9/8/2011

Period Ending	Principal	Interest	Debt Service
12/1/2013	22,369		22,369
3/1/2014	22,369		22,369
6/1/2014	22,369		22,369
9/1/2014	22,369		22,369
12/1/2014	22,369		22,369
3/1/2015	22,369		22,369
6/1/2015	22,369		22,369
9/1/2015	22,369		22,369
12/1/2015	22,369		22,369
3/1/2016	22,369		22,369
6/1/2016	22,369		22,369
9/1/2016	22,369		22,369
12/1/2016	22,369		22,369
3/1/2017	22,369		22,369
6/1/2017	22,369		22,369
9/1/2017	22,369		22,369
12/1/2017	22,369		22,369
3/1/2018	22,369		22,369
6/1/2018	22,369		22,369
9/1/2018	22,369		22,369
12/1/2018	22,369		22,369
3/1/2019	22,369		22,369
6/1/2019	22,369		22,369
9/1/2019	22,369		22,369
12/1/2019	22,369		22,369
3/1/2020	22,369		22,369
6/1/2020	22,369		22,369
9/1/2020	22,369		22,369
12/1/2020	22,369		22,369
3/1/2021	22,369		22,369
6/1/2021	22,369		22,369
9/1/2021	22,369		22,369
12/1/2021	22,369		22,369
3/1/2022	22,369		22,369
6/1/2022	22,369		22,369
9/1/2022	22,369		22,369
12/1/2022	22,369		22,369
3/1/2023	22,369		22,369
6/1/2023	22,369		22,369
9/1/2023	22,369		22,369
12/1/2023	22,369		22,369
3/1/2024	22,369		22,369
6/1/2024	22,369		22,369

BOND DEBT SERVICE

Oakvale Road Public Service District

IF

$3,400,000

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
9/1/2024	22,369		22,369
12/1/2024	22,369		22,369
3/1/2025	22,369		22,369
6/1/2025	22,369		22,369
9/1/2025	22,369		22,369
12/1/2025	22,369		22,369
3/1/2026	22,369		22,369
6/1/2026	22,369		22,369
9/1/2026	22,369		22,369
12/1/2026	22,369		22,369
3/1/2027	22,369		22,369
6/1/2027	22,369		22,369
9/1/2027	22,369		22,369
12/1/2027	22,369		22,369
3/1/2028	22,369		22,369
6/1/2028	22,369		22,369
9/1/2028	22,369		22,369
12/1/2028	22,369		22,369
3/1/2029	22,369		22,369
6/1/2029	22,369		22,369
9/1/2029	22,368		22,368
12/1/2029	22,368		22,368
3/1/2030	22,368		22,368
6/1/2030	22,368		22,368
9/1/2030	22,368		22,368
12/1/2030	22,368		22,368
3/1/2031	22,368		22,368
6/1/2031	22,368		22,368
9/1/2031	22,368		22,368
12/1/2031	22,368		22,368
3/1/2032	22,368		22,368
6/1/2032	22,368		22,368
9/1/2032	22,368		22,368
12/1/2032	22,368		22,368
3/1/2033	22,368		22,368
6/1/2033	22,368		22,368
9/1/2033	22,368		22,368
12/1/2033	22,368		22,368
3/1/2034	22,368		22,368
6/1/2034	22,368		22,368
9/1/2034	22,368		22,368
12/1/2034	22,368		22,368
3/1/2035	22,368		22,368
6/1/2035	22,368		22,368
9/1/2035	22,368		22,368
12/1/2035	22,368		22,368
3/1/2036	22,368		22,368

BOND DEBT SERVICE

Oakvale Road Public Service District

IF

$3,400,000

0% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
6/1/2036	22,368		22,368
9/1/2036	22,368		22,368
12/1/2036	22,368		22,368
3/1/2037	22,368		22,368
6/1/2037	22,368		22,368
9/1/2037	22,368		22,368
12/1/2037	22,368		22,368
3/1/2038	22,368		22,368
6/1/2038	22,368		22,368
9/1/2038	22,368		22,368
12/1/2038	22,368		22,368
3/1/2039	22,368		22,368
6/1/2039	22,368		22,368
9/1/2039	22,368		22,368
12/1/2039	22,368		22,368
3/1/2040	22,368		22,368
6/1/2040	22,368		22,368
9/1/2040	22,368		22,368
12/1/2040	22,368		22,368
3/1/2041	22,368		22,368
6/1/2041	22,368		22,368
9/1/2041	22,368		22,368
12/1/2041	22,368		22,368
3/1/2042	22,368		22,368
6/1/2042	22,368		22,368
9/1/2042	22,368		22,368
12/1/2042	22,368		22,368
3/1/2043	22,368		22,368
6/1/2043	22,368		22,368
9/1/2043	22,368		22,368
12/1/2043	22,368		22,368
3/1/2044	22,368		22,368
6/1/2044	22,368		22,368
9/1/2044	22,368		22,368
12/1/2044	22,368		22,368
3/1/2045	22,368		22,368
6/1/2045	22,368		22,368
9/1/2045	22,368		22,368
12/1/2045	22,368		22,368
3/1/2046	22,368		22,368
6/1/2046	22,368		22,368
9/1/2046	22,368		22,368
12/1/2046	22,368		22,368
3/1/2047	22,368		22,368
6/1/2047	22,368		22,368
9/1/2047	22,368		22,368
12/1/2047	22,368		22,368

BOND DEBT SERVICE

Oakvale Road Public Service District
IF
$3,400,000
0% Interest Rate
40 Years from Closing Date

Period Ending	Principal	Interest	Debt Service
3/1/2048	22,368		22,368
6/1/2048	22,368		22,368
9/1/2048	22,368		22,368
12/1/2048	22,368		22,368
3/1/2049	22,368		22,368
6/1/2049	22,368		22,368
9/1/2049	22,368		22,368
12/1/2049	22,368		22,368
3/1/2050	22,368		22,368
6/1/2050	22,368		22,368
9/1/2050	22,368		22,368
12/1/2050	22,368		22,368
3/1/2051	22,368		22,368
6/1/2051	22,368		22,368
9/1/2051	22,369		22,369
	3,400,000		**3,400,000**

(Form of)

ASSIGNMENT

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

Dated: _____, 20___.

_____

In the presence of:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

September 8, 2011

Oakvale Road Public Service District
Water Revenue Bonds, Series 2011 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

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Oakvale Road Public Service District (the "Issuer"), a public service district and public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $3,400,000 Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of the loan agreement for the Bonds, dated September 8, 2011, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2013, to and including September 1, 2051, all as set forth in the Schedule Y attached to the Loan Agreement and incorporated in and made a part of the Bonds.

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

We have also examined an executed Letter of Credit issued September 6, 2011 in the stated amount of $178,952 (the "Letter of Credit") by JPMorgan Chase Bank, N.A., Chicago, Illinois, for funding the Series 2011 A Bonds Reserve Account.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on September 1, 2011, as supplemented by a Supplemental Resolution duly adopted by the Issuer on September 1, 2011 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

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

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the pledge of Net Revenues in favor of the holders of the 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 (the "Series 1996 Bonds"); (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 (the "Series 1999 A Bonds"); (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 (the "Series 1999 B Bonds"); and (iv) Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated June 4, 2002, issued in the original aggregate principal amount of $558,620 (the "Series 2002 A Bonds"), (collectively, the "Prior Bonds").

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

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

667990.00002

LAW OFFICES
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September 8, 2011 File No. 08-300

Oakvale Road Public Service District
Water Revenue Bonds, Series 2011 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
Charleston, 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 copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2011 A Bonds, dated September 8, 2011, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on September 1, 2011, the Supplemental Resolution duly adopted by the Issuer on September 1, 2011 (collectively, the "Bond Legislation"), the Agreement dated May 8, 1995, by and between the Issuer and West Virginia-American Water Company, including all amendments, including the Fourth Amendment dated September 8, 2011 (collectively, the "Agreement"), the Letter of Credit dated September 6, 2011 (the "Letter of Credit"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds") and orders of The County Commission of 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:

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

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

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

4. The Agreement is valid and enforceable and has been approved by the Public Service Commission. The Agreement has been extended to the date of maturity of the Series 2011 A Bonds.

5. 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.

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

7. 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.

8. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer including, without limitation, all requisite orders, consents, certificates and approvals from The County Commission of Mercer County, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia.

9. The Issuer and the Company have received all orders, certificates and authorizations from the Public Service Commission of West Virginia necessary for the issuance of the Bonds, the acquisition and construction of the Project and the operation of the System. The Issuer and the Company have received a Recommended Decision of the Public Service Commission of West Virginia entered on July 11, 2011 which became Final Order on July 25, 2011

in Case No. 11-0262-PWD-CN, among other things granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the order has expired prior to the date hereof. Such Order is in full force and effect.

10. 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.

11. We have ascertained that all successful bidders have provided the drug-free workplace affidavit, submitted their drug free workplace plan, and the contracts contain language that complies with the Drug Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. We have also ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, we are of the opinion that such surety bonds and policies (i) are in compliance with the contracts; (ii) are adequate in form, substance and amount to protect the various interests of the Issuer; (iii) have been executed by duly authorized representatives of the proper parties; (iv) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (vi) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

William S. Winfrey, II

WSW,II/saw

667990.00002

5697484

LAW OFFICES
WILLIAM S. WINFREY, II.
W. Va. State Bar 4093
1608 West Main Street
Post Office Box 1159
Princeton, West Virginia 24740
bill@winfreylaw.com
Telephone: (304)487-1887 Facsimile: (304)425-7340

September 8, 2011 File No. 08-300

Oakvale Road Public Service District
P. O. Box 1061
Princeton, WV 24740

West Virginia Infrastructure and Jobs Development Council
180 Association Drive
Charleston, WV 25311

John C. Stump, Esquire
Steptoe and Johnson, PLLC
Box 1588
Charleston, WV 25326

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

West Virginia Bureau of Public Health
350 Capitol Street, Room 313
Charleston, WV 25301-3713

Re: Final Title Opinion for Oakvale Road Public Service District
Mercer/Summers Regional Water Project, Phase IV-A
2006W-908

Ladies and Gentlemen:

We are counsel to Oakvale Road Public Service District, (the "Issuer") in connection with Phase IV of the Mercer/Summers Regional Water Project to serve residents in the Oakvale and Poplar Grove areas of Mercer County, West Virginia (the "Project"). We provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the West Virginia Bureau of Public Health for the Project. Please be advised of the following:

1. The Issuer is a duly created and validly 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 to construct, operate and maintain the Project as approved by the West Virginia Bureau of Health.

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project. The Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia has now been approved by the Public Service Commission by Final Order effective July 25, 2011.

3. We have investigated and ascertained the location of, and are 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, Incorporated, the consulting engineers for the Project.

4. We have examined the records on file in the Office of the Clerk of the County Commission of Mercer County, West Virginia, the county in which the Project is to be located, and, in our opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, with the exception of those listed in Paragraph 5, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. The following listed properties are to be acquired by eminent domain and the necessary filings have been made in the Office of the Clerk of the Circuit Court of Mercer County, West Virginia, to permit the Issuer a right-of-entry for the purpose of construction, operation and maintenance of the Project on the subject properties. The Issuer's title thereto is defeasible in the event the Issuer does not satisfy any resulting judgment and/or award in the proceedings for acquisition of said properties, and our certification is subject to the following pending litigation, in lieu of a negotiated settlement prior to closing:

Name	**Tax Map**	**Parcel**
Condemnations		
Lemuel Southern, Gary Laughery, and Paula Laughery	26	59

Name	Tax Map	Parcel
Condemnations		
Randall J. Harry, et al. Heirs of Edna Terry	2	26
Randall J. Harry	6	40
Randall J. Harry	6	39
Charles J. Kelly, Jr., and Deanna Kelly	27	15.1
Sergio Macatangay and Josefina Macatangay	25A	1
Roy Nelson and Esteline Nelson	27	17.2

6. All deeds, easements and rights of way which have been acquired to date by the Issuer will be duly recorded in the Office of the Clerk of the County Commission of Mercer County to protect the legal title to and interest of the Issuer.

Yours very truly,

William S. Winfrey, II

WSW,II/saw
cc: Region I Planning & Development Council
Stafford Consultants, Incorporated

JACKSONKELLY
ATTORNEYS AT LAW PLLC
500 LEE STREET EAST • SUITE 1600 • P.O. BOX 553 • CHARLESTON, WEST VIRGINIA 25322 • TELEPHONE: 304-340-1000 • TELECOPIER: 304-340-1130
www.jacksonkelly.com

September 8, 2011

Oakvale Road Public Service District
Water Revenue Bonds, Series 2011 A
(West Virginia Infrastructure Fund)

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
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

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 (collectively, the "Agreement"), whereby the Company has agreed to make payments to the Issuer in amounts and at times sufficient to permit the Issuer to pay the principal of, interest, if any, on and administrative fee, if any, for the above-captioned Bonds (the "Bonds"), and (2) the issuance by JPMorgan Chase Bank, N.A. (the "Bank"), of its Letter of Credit dated September 6, 2011, but not available to be drawn upon before September 8, 2011 (the "Letter of Credit"), in the amount of $178,952, for funding the Series 2011 A Bonds Reserve Account. 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 pursuant to a Bond Resolution duly adopted by the Issuer on September 1, 2011, as supplemented by the Supplemental Resolution duly adopted by the Issuer on September 1, 2011 (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 for the Bonds and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution when used herein.

The Bonds have been sold to the West Virginia Water Development Authority (the "Authority"), pursuant to a loan agreement for the Series 2011 A Bonds, dated September 8, 2011 (the "Loan Agreement"). The Bonds are to be paid from Net Revenues derived from the operation of the System. Such Net Revenues consist solely of payments to be made by the Company to the Issuer under the Agreement. The Bonds are further secured by a Letter of Credit that may be drawn upon by the West Virginia Municipal Bond Commission, as Paying Agent for the Bonds, in the event Net Revenues are insufficient or unavailable to pay any installment of principal of or interest, if any, on the Bonds when due. The Company has entered into all necessary agreements with the Bank to obtain the Letter of Credit.

In connection with this opinion, we have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of the Articles of Incorporation, a Certificate of Existence and the By-laws of the Company, and all amendments thereto, the Agreement, the Letter of Credit and such other records, instruments, agreements, certificates (including, without limitation, certificates of public officials and of officers of the Company) and other documents (collectively, the "Documents"), and have conducted such investigations of law as we have deemed necessary for purposes of rendering this opinion. We have assumed the authenticity of the Documents submitted to us as originals, the conformity to originals of the Documents submitted to us as copies and the due authorization, execution and delivery of the Documents by all other parties thereto, if any. As to factual matters necessary for rendering our opinions herein, we have relied upon certificates of the Company with respect thereto without independently verifying the same.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Company is a corporation duly created and validly existing 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 2011 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. AGREEMENT
13. PUBLIC SERVICE COMMISSION ORDERS
14. SIGNATURES AND DELIVERY
15. BOND PROCEEDS
16. PUBLICATION OF NOTICE OF FILING
17. SPECIMEN BONDS
18. CONFLICT OF INTEREST
19. LETTER OF CREDIT
20. GRANTS
21. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Oakvale Road Public Service District in Mercer County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, hereby certify this 8th day of September, 2011 in connection with the Issuer's Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), dated the date hereof (the "Series 2011 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 September 1, 2011, and a Supplemental Resolution of the Issuer duly adopted September 1, 2011 (collectively, the "Bond Legislation"), when used herein.

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the receipt of the Net

Revenues, or in any way contesting or affecting the validity of the Bonds or the Agreement, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, or the collection of the Net Revenues or pledge thereof.

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 bonds or obligations of the Issuer which will rank on a parity with the Series 2011 A Bonds as to liens, pledge, source of and security for payment being the Issuers: (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 (the "Series 1996 Bonds"); (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 (the "Series 1999 A Bonds"); (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 (the "Series 1999 B Bonds"); and (iv) Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated June 4, 2002, issued in the original aggregate principal amount of $558,620 (the "Series 2002 A Bonds"), (collectively, the "Prior Bonds").

The Series 2011 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 respects. Prior to the issuance of the Series 2011 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2011 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 is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

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

Infrastructure Council Loan Agreement

Public Service Commission Orders

Infrastructure Council Approval

County Commission Orders on Creation and Enlargement of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

Agreement between Issuer and Company

Letter of Credit and Related Documents

Evidence of Grants

Evidence of Company Contribution

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 in Mercer and Summers Counties 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
Dennis Cole	06/14/11	06/01/13
Hillis Warren	06/01/08	06/01/14
Richard Nowlin	01/01/07	12/31/13

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 2011 are as follows:

Chairman	-	Hillis Warren
Secretary	-	Dennis Cole

The duly appointed and acting counsel to Issuer is William Winfrey, Esquire, 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.

The Special Conditions of the Loan Agreement attached as Exhibit A are hereby accepted and agreed to and incorporated herein.

11. RATES: The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on August 9, 2011, in Case No. 08-0900-W-42T, 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. AGREEMENT: The Agreement is valid and binding and has been approved by the Public Service Commission. The term of the Agreement has been extended to the date of maturity of the Series 2011 A Bonds.

13. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia dated July 11, 2011, which became Final Order on July 25, 2011 in Case No. 11-0262-PWD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project. The time for appeal of the Order has expired prior to the date hereof without any appeal. Such Order is in full force and effect.

14. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond for each series of the Bonds, dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

15. BOND PROCEEDS: On the date hereof, the Issuer received $17,500 from the Authority and the Council, being a portion of the principal amount of the Series 2011 A Bonds. The balance of the principal amount of the Series 2011 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

16. PUBLICATION OF NOTICE OF FILING: The Issuer has published any required notice with respect to, among other things, 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.

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

18. 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.

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 2011 A Bonds Reserve Account.

20. GRANTS: As of the date hereof, the grant from the Small Cities Block Grant in the amount of $1,500,000, the grant from the U.S. Corps of Engineers in the amount of $700,000, the Appalachian Regional Commission grant in the amount of $1,388,000, the Bureau for Public Health grant in the amount of $200,000, the Governor's Contingency grant in the amount of $341,000 and the contribution from the Company in the amount of $333,000 are committed for the Project.

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

[Remainder of Page Intentionally Blank]

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

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
Hillis Warren	Chairman
Dennis R Cole	Secretary
_____	Counsel to Issuer

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

[CORPORATE SEAL]

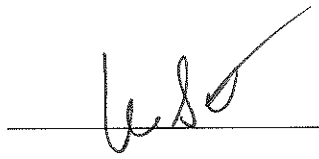
SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary
	Counsel to Issuer

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Exhibit A

Special Conditions – Use of Bid Underrun

Prior to drawing any funds in the Bid Underrun line item on the Schedule B, the Governmental Agency shall (a) obtain the Council's approval of any change order or orders related to the bid underrun; and (b) provide the Council a Final Title Opinion(s) with respect to all land and rights of ways associated with the change orders.

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 A
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF
WEST VIRGINIA-AMERICAN WATER COMPANY ON:

1. INCUMBENCY AND SIGNATURES
2. DUE INCORPORATION AND EXISTENCE
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 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 this 8th day of September, 2011 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 Issuer's $3,400,000 aggregate principal amount of Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund) (the "Bonds"), to be issued to West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), pursuant to a Bond Resolution of the Issuer adopted September 1, 2011, as supplemented by a Supplemental Resolution of the Issuer adopted September 1, 2011 (collectively, the "Bond Legislation"), all capitalized terms used herein and not otherwise defined herein to have the same meanings set forth in the Bond Legislation, as follows:

1. INCUMBENCY AND SIGNATURES: The undersigned are and were at all relevant times the duly elected, qualified and serving Vice President and Secretary of the Company, both duly elected or appointed by the Board of Directors of the Company, and are familiar with the terms of the transactions described in the Documents, herein defined. Set forth below are our true and genuine signatures.

2. DUE INCORPORATION AND EXISTENCE: The Company is a corporation duly created and validly existing under the laws of the State of West Virginia, duly authorized to conduct its affairs and transact business in the State of West Virginia, and is not prohibited by any provision of its

Articles of Incorporation or By-Laws from conducting its business described in, or effectuating the transactions contemplated in, the Agreement and the other Documents, herein defined.

3. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents (the "Documents") hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Certified copy of Certificate of Existence

Agreement

Letter of Credit

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, and to execute, deliver and carry out and perform the terms, obligations and conditions set forth in the Documents.

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

6. NO LITIGATION: No litigation, proceeding, suit, inquiry, action or investigation at law or in equity is pending or, to the knowledge of the undersigned, threatened (or is there any basis therefor), against or affecting the Company in or before or by any court, public board or administrative body, which would restrain or enjoin the execution or delivery of the Documents or the performance of any obligations of the Company contained therein or matters in connection therewith, or in any way contesting or

affecting the Documents, or attempting to limit, restrain, enjoin or prevent the Company from functioning and making the payments required thereunder, or which questions the validity of the Documents or any documents or the transactions contemplated thereby, or contesting the corporate existence of the Company, or wherein an unfavorable decision, ruling or finding would have a material adverse effect upon the financial condition of the Company, the validity or enforceability of the Documents, the Company's ability to perform its obligations under the Documents or the corporate existence or powers of the Company. There is no action or proceeding pending or threatened that would liquidate or dissolve the Company.

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

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

9. LETTER OF CREDIT: The Company has obtained and will maintain the Letter of Credit, including all extensions thereof, or renewal or replacement Letter of Credit, to fund the reserve account for the Bonds, so long as the Bonds are outstanding, unless such requirement is waived by the Authority and 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 payments to be made by the Company under the Agreement with respect to the Bonds or otherwise to the Issuer.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, I have hereunto set my hand on the day and year first written above.

WEST VIRGINIA-AMERICAN WATER COMPANY

President

ATTEST:

Secretary

667990.00002

5697358

STAFFORD CONSULTANTS INCORPORATED

Engineering, Design, and Consulting
Planning and Environmental Services

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Edward L. Shutt, P.E., Registered Professional Engineer, West Virginia License No. 7314 of Stafford Consultants, Inc., Princeton, West Virginia, hereby certify this 8th day of September, 2011 as follows:

1. My company is engineer for the acquisition and construction of certain additions, betterments, improvements and extensions (the "Project") to the existing public waterworks system (the "System") of Oakvale Road Public Service District (the "Issuer") to be constructed primarily in Mercer County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on September 1, 2011, as supplemented by the Supplemental Resolution adopted by the Issuer on September 1, 2011, the Loan Agreement for the Series 2011 A Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated September 8, 2011 (collectively, the "Loan Agreement").

2. The Series 2011 A Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the West Virginia Bureau for Public Health (the "BPH") and the Council and any change orders approved by the Issuer, the Council, the BPH and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty (40) years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the 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 the Issuer's counsel, William Winfrey, Esquire, will ascertain 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 provided acknowledge receipt of any and all addenda to the original bid documents; (v) the successful bidders have provided the Drug-Free Workplace Affidavit as evidence of the Vendor's compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; (vi) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders contain the critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained the following permits (Exhibit B) which I believe are all the permits required for the construction of the Project and the operation of the System:

a. National Pollutant Discharge Elimination System (NPDES) Permit
b. West Virginia Bureau for Public Health Permit
c. West Virginia Department of Highways (3)
d. Army Corps of Engineers Stream Crossing Permit
e. Norfolk Southern Railway Pipeline Occupancy Permits (2)
f. Division of Natural Resources Public Lands License and Right-of-Entry Permit

(x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the BPH; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project which was prepared by Region I Planning and Development Council.

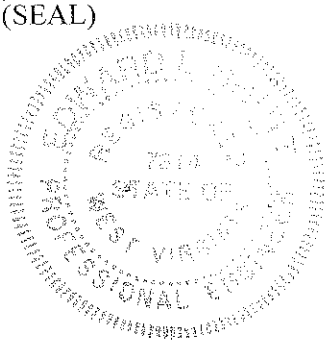
4. The Project has been designed to, and the construction contracts provide for, water service for 325 new customers, based upon user agreements maintained by the Issuer.

[Remainder of Page Intentionally Blank]

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

STAFFORD CONSULTANTS, INC.

(SEAL)



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

667990.00002

EXHIBIT A

OAKVALE ROAD PSD PHASE IV-A SCHEDULE B
IJDC NO. 2006W-908

A. COST OF PROJECT	Total	WV BPH DESIGN GRANT	WVAW & ORPSD CONTRIB.	SCBG Grant	COE Grant	GOVERNORS CONTINGENCY GRANT	IJDC Loan	ARC GRANT
1 **Construction**								
Contract 1 (Pro Contracting)	1,828,349.00		130,000.00	382,237.00	660,000.00	341,000.00	90,000.00	225,112.00
Contract 2 (Rover Construction)	1,845,159.00			320,000.00			825,159.00	700,000.00
Contract 3 (Pro Contracting)	1,931,914.00			159,155.00			1,309,871.00	462,888.00
Contract 4 (Mid Atlantic Storage)	251,600.00			139,763.00			111,837.00	
Bid Underrun Use	480,517.00						480,517.00	
Construction Contingency	292,851.00						292,851.00	
2 **Technical Services**								
a. Basic Services	324,100.00	193,519.40	23,172.60	57,408.00			50,000.00	
b. Resident Proj. Representative	332,400.00			165,635.00			166,765.00	
c. Additional Services	98,665.00	6,480.60	61,908.95	23,075.45			7,200.00	
d. ARRA Requirements	40,000.00						40,000.00	
3 **Legal & Fiscal**								
a. Legal	70,000.00		34,406.35	35,593.65				
b. Accounting	9,500.00		4,692.10	4,807.90				
4 **Administrative**								
a. Region I PDC admin.	88,000.00		8,000.00	80,000.00				
b. US Army COE admin.	40,000.00				40,000.00			
5 **Sites & Other Lands**								
a. Land acquisition / ROW	82,245.00		22,245.00	60,000.00				
b. Permits	84,200.00		3,575.00	72,325.00			8,300.00	
6 **Electrical Power Service**	0.00		0.00					
7 **Misc. (Telemetry)**	45,000.00		45,000.00					
8 **Project Contingency**	0.00							
9 **TOTAL of Lines 1 through 8**	7,844,500.00	200,000.00	333,000.00	1,500,000.00	700,000.00	341,000.00	3,382,500.00	1,388,000.00
B. COST OF FINANCING								
10 **Funded Reserve**	0.00							
11 **Other Costs**								
a. Registrar fees	500.00						500.00	
b. Bond Counsel	17,000.00						17,000.00	
12 **Cost of Issuance**	17,500.00						17,500.00	
13 **TOTAL PROJECT COST**(Line 9 + Line 12)	**7,862,000.00**	**200,000.00**	**333,000.00**	**1,500,000.00**	**700,000.00**	**341,000.00**	**3,400,000.00**	**1,388,000.00**
C. SOURCES OF OTHER FUNDS								
14 Federal Grants	2,088,000.00				700,000.00			1,388,000.00
15 State Grants	2,041,000.00	200,000.00		1,500,000.00		341,000.00		
16 Other Grants	333,000.00		333,000.00					
17 Any Other Source	0.00							
18 TOTAL GRANTS (Lines 14 through 17)	4,462,000.00							
19 **Size of Bond Issue**	**3,400,000.00**							

Prepared by Region I Planning & Development Council

Stafford Consultants, Inc., Consulting Engineer — 9/1/11 Date

Willis Warren — Oakvale Road Public Service District — 9/1/11 Date

Stafford Consultants, Inc. signature is only to verify the construction costs and engineering cost as current costs. The engineer does not have the details to verify the other costs in the Schedule B.

EXHIBIT B

PWSID: WV330283

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

350 CAPITOL STREET, ROOM 313
CHARLESTON, WV 25301-3713
Telephone (304) 558-2981

PERMIT

PROJECT: (Water) Mercer/Summers Phase IV-A Water Line Extension **PERMIT NO.:** 18,753

LOCATION: Oakvale **COUNTY:** Mercer **DATE:** 2-22-2011

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Oakvale Road Public Service District
P. O. Box 1061
Princeton, West Virginia 24740

is hereby granted approval to: install approximately 29,888 LF of 12", 898 LF of 10", 53,382 LF of 8", 25,373 LF of 6", 755 LF of 4" and 16,167 LF of 2" water line; two (2) dual 2"/6" pressure reducing stations; one (1) 100,000 gallon water storage tank; and all necessary valves, controls and appurtenances.

Facilities are to serve 372 customers in the Mercer/Summers Phase IV-A project in the Oakvale Road Public Service District.

NOTE: **This permit is contingent upon: 1) All new water line and water storage tank being disinfected, flushed and bacteriologically tested, prior to use; and 2) Enclosing the proposed 100,000 gallon tank with a minimum six (6) feet high fence with a locking gate.**

The Environmental Engineering Division of the **OEHS Beckley District Office, (304) 256-6666,** is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR,

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:plk

pc: Stafford Consultants, Inc
Ingrid Ferrell, PSC-Engineering Division
Amy Swann, PSC-Water and Wastewater Division
Mercer County Health Department
OEHS-EED Beckley District Office

ADDENDUM NO. 1

EW-100
06/2010

Office Use Only

Date Received	2-9-2011
Date Approved	2-22-2011
Approved by	WSO
Permit Number	18753

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
Bureau for Public Health
Office of Environmental Health Services
350 Capitol Street, Room 313
Charleston, WV 25301-3713
Phone: 304-558-2981 Fax: 304-558-0691

PUBLIC WATER SUPPLY SYSTEM APPLICATION FOR A PERMIT TO CONSTRUCT, ALTER, OR RENOVATE

(Please Prepare in 4 Copies)

APPLICANT: Oakvale Road Public Service Distrtict

STREET OR PO BOX: P.O. Box 1061

CITY: Princeton STATE: WV ZIP: 24740

TELEPHONE: 304-487-2750 E-MAIL: oakvalepsd@frontiernet.net

ENGINEERING FIRM: Stafford Consultants, Inc.

STREET OR PO BOX P.O. Box 5849 TELEPHONE: 304-425-9555

CITY: Princeton STATE: WV ZIP: 24740

TELEPHONE: 304-425-9555 E-MAIL: sfowler@staffordconsultantsinc.com

IN ACCORDANCE WITH TITLE 64, SERIES 3, PUBLIC WATER SUPPLY REGULATIONS OF THE WEST VIRGINIA DIVISION OF HEALTH, WE HEREBY MAKE APPLICATION TO CONSTRUCT, ALTER, OR RENOVATE AS FOLLOWS:

Pamela Y Brown

Signature of Applicant or Authorized Agent

2/2/2011
Date

NOTE: A $300 application fee must accompany a permit application ($150 application fee for a water well permit application). Make check or money order payable to *"West Virginia Department of Health and Human Resources"*. Cash not accepted. Permit applications which include both water and sewer systems require only a single $300 fee.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate, each part being an original, as of the date first above written.

Witness:

NORFOLK SOUTHERN RAILWAY COMPANY

_____
As to Railway

By: _____
Real Estate Manager

Witness:

OAKVALE ROAD PSD

_____
As to Licensee

By: _____
Title: _____

Activity Number 1146806
JSM: October 11, 2010
File No. 562674v1

7

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
Bureau for Public Health
Office of Environmental Health Services
Environmental Engineering Division
350 Capitol Street, Room 313
Charleston, WV 25301-3713
Phone: 304-558-2981 Fax: 304-558-0691

WATER SYSTEM DESIGN INFORMATION AND DATA SHEET

Complete all portions of the Design Data Sheet applicable to the project. Omission of required information will result in the application being denied. When both sewer system and water system are to be constructed, Design Data Sheets for both sewage and water must be completed and attached to the application.

Applicant Oakvale Road Public Service District

Project Location Oakvale

County Mercer

Number of customers 300 or Estimated population or population equivalent served N/A

Number of home sites 372

Estimated peak flow 462 gpm Number of mobile home sites N/A

Minimum consumer pressure (static/residual) 30 / 20 psi

Source of Supply: WVAW (Bluestone Treatment Plant)
(name of utility)

Municipal ____ Public Service District ✓ Private Well ____

Other ____
(specify)

Pressure at connection to public supply (static/residual) 12.34 / 6.17 psi

Capacity of well, if applicable ____ gpm

Type of system Gravity ✓ Hydropneumatic ____

Other ____
(specify)

Length of water lines of each size 12" - 29,888 lf / 10" - 898 lf / 8" 53,382 lf
6" - 25,373 lf / 4" - 755 lf / 2" - 16,167 lf

YES	NO	
____	✓	Details of well construction attached
✓	____	Fire hydrants to be installed (hydraulic calculations must be included)
✓	____	Storage tank required Size of tank 100,000 gallons
____	✓	Elevation of top and bottom of storage tank 2,178.00 / 2,152.00
✓	____	Booster station required Size of station ____ gpm
____	✓	Pressure reducing station required
____	✓	Details of water treatment equipment (if applicable)
____	✓	Chlorination Contact time ____ minutes

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
Division of Highways
Office of the District Engineer/Manager
District Ten

Joe Manchin III
Governor

270 Hardwood Lane - Princeton, West Virginia 24740 - (304) 487-5228

RECEIVED
AUG - 3 2010
STAFFORD CONSULTANTS

July 27, 2010

Mr. Stacy A. Fowler, P.E.
Stafford Consultants Incorporated for
Oakvale Road Public Service District
P.O. Box 5849
Princeton, West Virginia 24740

Dear Mr. Fowler:

Permit No. 0-10-0147
Water Line Installation
Various Routes, Mercer County

Returned herewith is your permit application to construct a water line on various routes at Oakvale in Mercer County. This permit is approved based on the following reminders:

1 Compaction per DOH Specifications under DOH Right of Way.
2 Trench repairs per Utility Manual on DOH Right of Way.
3 Concrete tests for trench repairs when concrete used.

The Division of Highways will require surety in the amount of $100,000.00 (one hundred thousand dollars), to satisfy condition number 1 of the permit applications. We will not require you to provide the surety until after you award your contract(s) and at a reasonable time prior to the commencement of the work authorized within State Rights of Ways. Failure to provide the proper surety prior to the commencement of any work within State Right of Ways will result in the immediate cancellation of this permit.

Payment of the inspection fee due the Division is due 60 days after construction begins in accordance with the instructions on Form BF-125, attached to this letter.

The District Ten Office has recently established a policy requiring that both the person assigned the responsibility to inspect the work authorized by the permit and the County Supervisor need to be notified of your work schedule. Please contact both Mr. Gerrall Conner, District Utilities Supervisor, and Mr. Mike McMillion, Mercer County Supervisor, forty-eight hours prior to the commencement of the work authorized by this permit in order that the Division may arrange to inspect the work in progress. You may contact Mr. Conner at 487-5291 at the District Headquarters in Gardner and you may contact Mr. McMillion at the Mercer County Headquarters in Princeton at 304-425-2782. Please give these persons your schedule, location of the work, and approved permit number. Failure to comply will be cause for cancellation of the permit.

Very truly yours,

D. Alan Reed, P.E.
Assistant District Engineer
(Maintenance)

By: Clark W. Shreve

Clark Shreve
Staff Engineer

DAR:CSe
Enclosure
cc: Mr. Gerrall Conner
Mr. Mike McMillion
Ms. Pam Browning

Form MM-109
Rev. 05-19-05

PERMIT NO. D-10-0147

PERMIT TO ENTER UPON, UNDER, OVER OR ACROSS THE STATE ROADS OF THE STATE OF WEST VIRGINIA, AS PROVIDED FOR IN SECTION 6, ARTICLE 16, CHAPTER 17; SECTION 9, ARTICLE 16, CHAPTER 17; SECTION 8, ARTICLE 4, CHAPTER 17, WEST VIRGINIA CODE, 1931, AS AMENDED.

THIS PERMIT, Made this 20th day of July 20 10, between the WEST VIRGINIA DEPARTMENT OF TRANSPORTATION, DIVISION OF HIGHWAYS, a statutory corporation hereinafter called DIVISION and Oakvale Road PSD
Address: P.O. Box 1061 - Princeton, WV 24740 Phone No: 304-487-8750
hereinafter called APPLICANT.

WITNESSETH

In consideration of the hereinafter set out covenants and in accordance with Section 6, Article 16, Chapter 17; or Section 9, Article 16, Chapter 17; or Section 8, Article 4, Chapter 17, of the Official Code of West Virginia, 1931, as amended, and the rules and regulations promulgated thereunder, APPLICANT does hereby apply to enter

Route Type & No. *See attached D.O.H. Tally* DOH Project No. _____ (if applicable);
at Oakvale Mile Post _____
in Mercer County, for the purposes hereinafter set forth and in accordance with the plans and specifications which are attached hereto and made a part hereof: Installation of potable waterlines, services, and appurtenances as part of the Mercer/Summers Waterline Phase IV-A project

~~CALL BEFORE YOU DIG~~
~~1-800-245-4848~~
"IT'S THE LAW IN WVa"
MINIMUM 48 BUSINESS HOURS NOTICE REQUIRED

APPLICANT further agrees to accept the conditions hereinafter set forth:

1. APPLICANT shall deposit with DIVISION the sum of $ _____ in the form of an official, certified or cashier's check, or executed bond with surety satisfactory to DIVISION to cover any damage and inspection costs DIVISION may sustain by reason of the granting of this permit, including any expense incurred in restoring said highway to its original condition or the proper repair of any and all damages that may result within one (1) year from the date of the completion of said work.

2. APPLICANT agrees to reimburse DIVISION for inspection costs as follows:
   - ☐ A. For any inspection costs incurred under this permit.
   - ☒ B. At $ 0.43 per linear foot for 98473 feet of water line installed under this permit
   - ☐ C. At $ _____ per linear foot for _____ feet of sewer line installed under this permit

3. APPLICANT shall notify DIVISION at least 48 hours in advance of the date the work will begin. Failure to comply will be cause for cancellation of this permit.

4. APPLICANT agrees to protect its employees, equipment and users of the highway at all times in accordance with the current Division of Highways manual "Traffic Control For Street and Highway Construction and Maintenance Operations".

5. APPLICANT agrees to comply with all applicable state and federal laws in the performance of work under this permit.

6. Supplementary conditions cited on the reverse side of this permit are understood and agreed to be a part hereof.

7. The work authorized under this permit shall be completed on or before (Date): Dec 31, 2013

Applicant's signature on this permit affirms that all text herein is a verbatim reproduction of The West Virginia Division of Highways Encroachment Permit Form MM-109, revision date May 19, 2005. All attachments are inclusive to this permit.

RECOMMENDED: Original Signed By ~~Gerrall Connor~~
Title District Utilities Supervisor

Pamela Browning General Manager
Signature and Title of Applicant

BOND REQUIREMENT:
BOND NO. _____ DATE _____
Attached ☐ On File ☐
INSPECTION: Owner/Consultant ☐
Full Time ☐ Part Time ☐
Periodic ☐ Reimbursable ☑ No Cost ☐

APPROVED: ORIGINAL SIGNED BY: ~~CLARK SHREVE~~ STAFF ENGINEER
Title
West Virginia Division of Highways

AUTHORIZATION NO: PW5601R PERMIT NO: D-10-0147

§17-4-8. Use of roadbed by railroad, telephone company, etc.
No railroad or electric or other railway shall be constructed upon the roadbed of any state road, except to cross the same, nor shall any person, firm or corporation enter upon or construct any works in or upon such road, or lay or maintain thereon or thereunder any drainage, sewer or water pipes, gas pipes, electric conduits or other pipes, nor shall any telephone, telegraph or electric line or power pole, or any other structure whatsoever, be erected upon, in or over any portion of a state road, except under such restrictions, conditions and regulations as may be prescribed by the state road commissioner. Whenever any railroad or electric or other railway, heretofore or hereafter constructed, shall cross any state road, it shall be required to keep its own roadbed, and the bed of the road or highway at such crossing, in proper repair, or else to construct and maintain an overhead or undergrade crossing, subject to the approval of the state road commissioner; and the tracks of such railroad or railway at grade crossings shall be so constructed as to give a safe and easy approach to and across the same, and when the construction of such approaches is made necessary by a change in the railroad grade at the grade crossing, the cost shall be upon the railway company.

§17-16-6. Permit by commission or county court for openings in or structures on public roads; franchises and easements of oil, etc., transportation companies.
No opening shall be made in any state or county-district road or highway, nor shall any structure be placed therein or thereover, nor shall any structure, which has been so placed, be changed or removed, except in accordance with a permit from the state road commission or county court, as the case may be. No road or highway shall be dug up for laying or placing pipes, sewers, poles or wires, or for other purposes, and no trees shall be planted or removed or obstructions placed thereon, without the written permit of the commission or county court, or its duly authorized agent, and then only in accordance with the regulations of the commission or court. The work shall be done under the supervision and to the satisfaction of the commission or court; and the entire expense of replacing the highway in as good condition as before shall be paid by the persons to whom the permit was given, or by whom the work was done: **Provided, however,** That nothing herein contained shall be so construed as to prevent any oil or gas company or person having a proper permit or franchise from transporting oil or gasoline along any of the public highways of this State, nor to give such company a franchise without paying to the landowners through whose lands such road passes the usual and customary compensation paid or to be paid to the landowners for such right of way. Any grant or franchise when made shall be construed to give to such company or person only the right to use the easement in such public road.

A violation of any provision of this section shall be a misdemeanor, and the person or corporation violating the same shall, upon conviction thereof, be fined not less than twenty-five nor more than one hundred dollars for each offense.

§17-16-9. Private driveways or approaches to roads; obstruction of ditches.
The owner or tenant of land fronting on any state road shall construct and keep in repair all approaches or driveways to and from the same, under the direction of the state road commission, and, likewise, the owner or tenant of land fronting on any county-district road shall construct and keep in repair approaches or driveways to and from the same, under the direction of the county road engineer, and it shall be unlawful for such owner or tenant to fill up any ditch, or place any material of any kind or character in any ditch, so as in any manner to obstruct or interfere with the purposes for which it was made.

SUPPLEMENTARY CONDITIONS

1. The person, firm or corporation to whom a permit is issued agrees to hold the State of West Virginia and DIVISION harmless on account of any damages to persons or property which may arise during the process of the work authorized by this permit or by reason thereof.
2. Applications for permission to perform work within highway rights of way shall be made on DIVISION'S standard permit form and shall be signed by the authorized representative of the person, firm or corporation applying.
3. The APPLICANT shall give detailed information concerning the work to be performed and the application must include a sketch sufficient to show the nature of the work performed.
4. APPLICANT, his agents, successor, heirs or assigns, contractors or any other person, firm or corporation working under APPLICANT'S real or apparent authority, shall perform the work in a manner satisfactory to DIVISION. Damage to the road resulting at any time from work authorized under this permit shall be repaired by APPLICANT. Unsatisfactory repairs may be a corrected by DIVISION or its authorized agent and the cost thereof paid by APPLICANT.
5. DIVISION assumes no liability for damage to the proposed work by reason of construction or maintenance work on the road.
6. This permit is granted subject to removal of the authorized installation by APPLICANT at no cost to DIVISION when required for improvement of the road, and subject to all regulations now or hereafter adopted by DIVISION.
7. Utility installation shall be in accordance with the current manual, "Accommodation of Utilities on Highway Right of Way".
8. Driveways shall be in accordance with the current manual, "Rules and Regulations for Constructing Driveways on State Highway Rights-of-Way."
9. DIVISION reserves the right to cancel this permit at any time, should APPLICANT fail to comply with the terms and conditions under which it is granted.
10. This permit is granted only insofar as the DIVISION has a right to do so.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
Division of Highways
Office of the District Engineer/Manager
District Ten
270 Hardwood Lane · Princeton, West Virginia 24740 · (304) 487-5228

Joe Manchin III
Governor

November 15, 2010

Ms. Pamela Browning, General Manager
Oakvale Road Public Service District
P.O. Box 1061
Princeton, West Virginia 24740

Dear Ms. Browning:

Permit No. 0-10-0252
Install Water Line
Various Routes in Oakvale in Mercer County

Returned herewith is your approved permit application to construct instillation of portable waterlines, services, and appurtenances as part of the Mercer/Summers Waterline Phase IV-A project, contract number 3.

The Division of Highways will require surety in the amount of $50,000 (fifty thousand dollars), to satisfy condition number 1 of the permit applications. We will not require you to provide the surety until after you award your contract(s) and at a reasonable time prior to the commencement of the work authorized within State Rights of Ways. Failure to provide the proper surety prior to the commencement of any work within State Right of Ways will result in the immediate cancellation of this permit.

Payment of the inspection fee due the Division is due 60 days after construction begins in accordance with the instructions on Form BF-125, attached to this letter.

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
Division of Highways
Office of the District Engineer/Manager
District Ten
270 Hardwood Lane - Princeton, West Virginia 24740 - (304) 487-5228

Joe Manchin III
Governor

The District Ten Office has recently established a policy requiring that both the person assigned the responsibility to inspect the work authorized by the permit and the County Supervisor need to be notified of your work schedule. Please contact both Mr. Gerrall Conner, District Utilities Supervisor, and Mr. Mike McMillion, Mercer County Supervisor, forty-eight hours prior to the commencement of the work authorized by this permit in order that the Division may arrange to inspect the work in progress. You may contact Mr. Conner at 487-5291 at the District Headquarters in Gardner and you may contact Mr. McMillion at the Mercer County Headquarters in Princeton at 304-425-2782. Please give these persons your schedule, location of the work, and approved permit number. Failure to comply will be cause for cancellation of the permit.

Very truly yours,
ORIGINAL SIGNED BY:
D. Alan Reed
D. Alan Reed, P.E.
Assistant District Engineer
(Maintenance)

DAR:g
Enclosure
cc: Mr. Gerrall Conner
Mr. Mike McMillion
Mr. Edward Shutt
bcc: File
T-File - 12-10-11

Responsibility for inspection and final report Const. Div., Utilities Section. Permit expires 12-1-2011. Report due in Maintenance Engineer's Office on or before 12-10-2011.

Form MM-109
Rev. 05-19-05

PERMIT NO. 0-10-0252

PERMIT TO ENTER UPON, UNDER, OVER OR ACROSS THE STATE ROADS OF THE STATE OF WEST VIRGINIA, AS PROVIDED FOR IN SECTION 6, ARTICLE 16, CHAPTER 17; SECTION 9, ARTICLE 16, CHAPTER 17; SECTION 8, ARTICLE 4, CHAPTER 17, WEST VIRGINIA CODE, 1931, AS AMENDED.

THIS PERMIT, Made this _____ day of _____ 20 _____, between the WEST VIRGINIA DEPARTMENT OF TRANSPORTATION, DIVISION OF HIGHWAYS, a statutory corporation hereinafter called DIVISION and Oakvale Road Public Service District

Address: P.O. Box 1061 Princeton, WV 24740 Phone No: (304) 487-2750

hereinafter called APPLICANT.

WITNESSETH

In consideration of the hereinafter set out covenants and in accordance with Section 6, Article 16, Chapter 17; or Section 9, Article 16, Chapter 17; or Section 8, Article 4, Chapter 17, of the Official Code of West Virginia, 1931, as amended, and the rules and regulations promulgated thereunder, APPLICANT does hereby apply to enter

Route Type & No. *See attached D.O.H. Tally* DOH Project No. _____ (if applicable);

at Oakvale and surrounding areas Mile Post _____

in Mercer County, for the purposes hereinafter set forth and in accordance with the plans and specifications which are attached hereto and made a part hereof: Installation of potable waterlines, services, and appurtenances as part of the Mercer/Summers Waterline Phase IV-A project. This application covers the area for Contract 3.

APPLICANT further agrees to accept the conditions hereinafter set forth:

1. APPLICANT shall deposit with DIVISION the sum of $ 50,000 in the form of an official, certified or cashier's check, or executed bond with surety satisfactory to DIVISION to cover any damage and inspection costs DIVISION may sustain by reason of the granting of this permit, including any expense incurred in restoring said highway to its original condition or the proper repair of any and all damages that may result within one (1) year from the date of the completion of said work.

2. APPLICANT agrees to reimburse DIVISION for inspection costs as follows:
   - ☐ A. For any inspection costs incurred under this permit.
   - ☒ B. At $ 0.43 per linear foot for 38,425 feet of water line installed under this permit
   - ☐ C. At $ _____ per linear foot for _____ feet of sewer line installed under this permit

3. APPLICANT shall notify DIVISION at least 48 hours in advance of the date the work will begin. Failure to comply will be cause for cancellation of this permit.

4. APPLICANT agrees to protect its employees, equipment and users of the highway at all times in accordance with the current Division of Highways manual "Traffic Control For Street and Highway Construction and Maintenance Operations".

5. APPLICANT agrees to comply with all applicable state and federal laws in the performance of work under this permit.

6. Supplementary conditions cited on the reverse side of this permit are understood and agreed to be a part hereof.

7. The work authorized under this permit shall be completed on or before (Date): 12-1-11

Applicant's signature on this permit affirms that all text herein is a verbatim reproduction of The West Virginia Division of Highways Encroachment Permit Form MM-109, revision date May 19, 2005. All attachments are inclusive to this permit.

RECOMMENDED:

Gerald L Conner

Title District Utility Supervisor

Pamela Browning

Signature and Title of Applicant

BOND REQUIREMENT:

BOND NO. _____ DATE _____

Attached ☐ On File ☐

INSPECTION: Owner/Consultant ☐

Full Time ☐ Part Time ☐

Periodic ☐ Reimbursable ☑ No Cost ☐

AUTHORIZATION NO: PW3632R

APPROVED:

Title Assistant District Engineer
West Virginia Division of Highways

PERMIT NO: 0-10-0252

STATE OF WEST VIRGINIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
DIVISION OF WATER AND WASTE MANAGEMENT
601 57th STREET SE
CHARLESTON, WV 25304-2345

GENERAL
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

Permit No. WV0115924

Issue Date: November 5, 2007
Effective Date: December 5, 2007
Expiration Date: December 4, 2012

Subject: Stormwater Associated With Construction Activities

To Whom It May Concern:

This is to certify that any establishment with discharges composed entirely of stormwater associated with construction activities disturbing one acre or greater of land area (construction activities are land disturbing operations such as grubbing, grading, filling and excavation operations during site development for residential, commercial or industrial purposes) and agreeing to be regulated under the terms of this general permit, except for;

1. Operations that result in the disturbance of less than one acre of total land area, which are not part of a larger common plan of development or sale.

2. Stormwater discharges associated with land disturbing activities that may reasonably be expected to be causing or contributing to a violation of a water quality standard as determined by the Director.

3. Land disturbing activities already governed by other Department of Environmental Protection NPDES permits. This includes Division of Mining and Reclamation permits for coal mining and non-metallic quarries.

4. Landfills, except in the preparation of a new landfill and/or clay borrow areas.

5. Other activities exempt from NPDES permitting requirements as set forth in 40CFR 122.3(e) and 47CSR 10-3.2.b.4 (NPDES Program).

6. Land disturbing activities related to oil and gas activities as required by the Energy Policy Act of 2005. These activities include but are not limited to construction of drilling sites, waste management pits, and access roads, as

> well as construction of the transportation and treatment infrastructure such as pipelines, natural gas treatment plants, natural gas pipeline compressor stations, and crude oil pumping stations. Construction activities that result in a discharge of a reportable quantity release or that contribute pollutants (other than non-contaminated sediments) to a violation of a water quality standard are still subject to permit coverage.

is hereby granted coverage under this General WV/NPDES Water Pollution Control Permit to allow stormwater discharges into the surface waters of the State. This General Permit is subject to the following terms and conditions:

> The information submitted on and with the site registration application form will hereby be made terms and conditions of the General Permit with like effect as if all such information were set forth herein, and other pertinent conditions set forth in Sections A, B, C, D, E, F, G, H, I and J.

Construction of single family residences by the homeowner or homeowner's contractor requiring land disturbances less than three acres in size are provided coverage under the General WV/NPDES Water Pollution Control Permit and do not require application for registration. However, all other terms and conditions of the General WV/NPDES Water Pollution Control Permit still apply except for the Notice of Termination requirement.

Sites approved from January 1, 2006, thru November 4, 2007, are hereby granted coverage under General WV/NPDES Water Pollution Control Permit WV0115924. Sites approved prior to January 1, 2006, will have until June 30, 2008, to have final stabilization completed. Final stabilization means disturbed areas shall be covered by the appropriate permanent protection. Final stabilization includes; pavement, buildings, stable waterways (riprap, concrete, grass or pipe), a healthy, vigorous stand of perennial grass that uniformly covers at least 70 percent of the ground, stable outlet channels with velocity dissipation which directs site runoff to a natural watercourse, and any other approved structure or material. If these sites are not stabilized by June 30, 2008, an application to receive permit coverage will be required to be submitted to the Division of Water and Waste Management on or before, July 1, 2008.

SECTION A. TERMS OF PERMIT

Discharges from sites covered under the General Permit shall not cause or contribute to a violation of 47CSR2 (Requirements Governing Water Quality Standards) and 46CSR12, (Requirements Governing Groundwater Standards) of the West Virginia Legislative Rules pursuant to Chapter 22, Article 11 and Article 12. Discharges that are not in compliance with these standards are not authorized.

SECTION B. SCHEDULE OF COMPLIANCE

Compliance with this General Permit and the approved Stormwater Pollution Prevention Plan is required upon the beginning of the construction project.

SECTION C. MANAGEMENT CONDITIONS

C.1. Duty to Comply

C.1.a. The permittee must comply with all conditions of this permit. Permit noncompliance constitutes a violation of the federal Clean Water Act (CWA) and State Act (Chapter 22, Article 11 and Article 12) and is grounds for enforcement action; for permit modification, revocation and reissuance, suspension or revocation; or denial of a permit renewal application.

C.1.b. The permittee shall comply with all effluent standards or prohibitions established under Section 307(a) of the CWA for toxic pollutants within the time provided in the regulations that establish these standards or prohibitions, even if the permit has not yet been modified to incorporate the requirement.

C.2. Duty to Reapply

If the permittee seeks to continue an activity regulated by this permit after the expiration date of this permit, the permittee must apply for a new permit or general permit registration as detailed in permit reissuance.

C.3. Duty to Mitigate

The permittee shall take all reasonable steps to minimize or prevent any discharge in violation of this permit, which has a reasonable likelihood of adversely affecting human health or the environment.

C.4. Permit Actions

This permit may be modified, revoked and reissued, suspended, or revoked for cause. The filing of a request by the permittee for permit modification, revocation and reissuance, or revocation, or a notification of a planned change or anticipated noncompliance, does not stay any permit condition.

C.5. Property Rights

This permit does not convey any property rights of any sort, or any exclusive privilege.

C.6. Signatory Requirements

All applications, reports, or information submitted to the Director shall be signed and certified as required in 47CSR10-4.6. (NPDES Program). If an authorization becomes inaccurate because a different individual or position has responsibility for the overall operation of the project, a new authorization must be submitted to the Director prior

to, or together with any reports, information, or applications to be signed by an authorized representative.

C.7. Transferability

This permit is not transferable to any person, except after notice to the Director. The Director may require modification or revocation and reissuance of the permit to change the name of the permittee and incorporate such other requirements as may be necessary.

C.8. Duty to Provide Information

The permittee shall furnish to the Director, within a reasonable specified time, any information which the Director may request to determine whether cause exists for modifying, revoking and reissuing, suspending, or revoking this permit, or to determine compliance with this permit. This information may include water quality information as specified by the Director. The permittee shall also furnish to the Director, upon request, copies of records required to be kept by this permit.

C.9. Other Information

Where the permittee becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Director, it shall immediately submit such facts or information.

C.10. Inspections and Entry

The permittee shall allow the Director or an authorized representative upon the presentation of credentials and such other documents as may be required by law

C.10.a. To enter upon the permittee's premises in which an effluent source or activity is located, or where records must be kept under the conditions of this permit;

C.10.b. To have access to and copy at reasonable times any records that must be kept under the conditions of this permit;

C.10.c. To inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices, or operations regulated or required under this permit;

C.10.d. To sample or monitor at reasonable times, for the purposes of assuring permit compliance or as otherwise authorized by the State Act, any substances or parameters at any location.

C.11. Permit Modification

This permit may be modified, suspended, or revoked in whole or in part during its term in accordance with the provisions of Chapter 22, Article 11 of the Code of West Virginia. Any permittee wishing to modify his coverage under this permit shall submit such request at least 45 days prior to the commencement of the proposed action for modification if no public notice period is required. A modification that will have a public notice period must be submitted at least 90 days prior to construction to allow for the public notice procedure.

C.12. Water Quality

The effluent or effluents covered by this permit are to be of such quality so as to not cause violations of applicable water quality standards.

C.13. Oil and Hazardous Substance Liability

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee from any responsibilities, liabilities, or penalties to which the permittee is or may be subject under Section 311 of the CWA.

C.14. Liabilities

C.14.a. Any person who violates a permit condition implementing Sections 301, 302, 306, 307, 308, 318 or 405 of the CWA is subject to a civil penalty not to exceed $25,000 per day of such violation. Any person who willfully or negligently violates permit conditions implementing Section 301, 302, 306, 307, or 308 of the CWA is subject to a fine of not less than $2,500 nor more than $25,000 per day of violation, or by imprisonment for not more than one year, or both.

C.14.b. Any person who knowingly makes any false statement, representation, or certification in any record or other document submitted or required to be maintained under this permit, including reports of compliance or noncompliance shall, upon conviction, be punished by a fine of not more that $10,000 per violation, or by imprisonment for not more than six months per violation, or by both.

C.14.c. Nothing in C.14.a. and C.14.b. shall be construed to limit or prohibit any other authority the Director may have under the State Water Pollution Control Act, Chapter 22, Article 11 and State Groundwater Protection Act, Chapter 22, Article 12.

C.15 Outlet Markers

An outlet marker shall be posted during the term of General Permit coverage in accordance with Title 47, Series 11, Section 9 (Special Rules) of the West Virginia Legislative Rules.

SECTION D. OPERATION AND MAINTENANCE

D.1. Proper Operation and Maintenance

The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of the permit.

D.2. Need to Halt or Reduce Activity Not a Defense

It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.

D.3. Bypass

D.3.a. Definitions

D.3.a.1. "Bypass" means the intentional diversion of waste streams from any portion of a treatment facility; and

D.3.a.2. "Severe property damage" means substantial physical damage to property, damage to the treatment facility which causes them to become inoperable, or substantial and permanent loss of natural resources that can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

D.3.b. Bypass not exceeding limitations. The permittee may allow any bypass to occur which does not cause effluent limitations to be exceeded, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provisions of D.3.c. and D.3.d. of this permit.

D.3.c. Notification of bypass

D.3.c.1. If the permittee knows in advance of the need for a bypass, it shall submit prior notice, if possible at least 10 days before the date of the bypass.

D.3.c.2. If the permittee does not know in advance of the need for bypass, notice shall be submitted as requires in F.2.a. of this permit.

D.3.d. Prohibition of bypass

D.3.d.1. Bypass is permitted only under the following conditions, and the Director may take enforcement action against a permittee for bypass, unless;

D.3.d.1.A. Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;

D.3.d.1.B. There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated sediment, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate backup equipment should have been installed in the exercise of reasonable engineering judgment to prevent a bypass that occurred during normal periods of equipment downtime or preventive maintenance. This condition is not satisfied if the sediment and erosion control structures were not installed in the proper sequence; and

D.3.d.1.C. The permittee submitted notices as required under D.3.c. of this permit.

D.3.d.2. The Director may approve an anticipated bypass, after considering its adverse effects, if the Director determines that it will meet the three conditions listed in D.3.d.1. of this permit.

D.4. Upset

D.4.a. "Upset" means an exceptional incident in which there is unintentional and temporary noncompliance with the terms and conditions of the permit and the Stormwater Pollution Prevention Plan because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventive maintenance, or careless or improper operation.

D.4.b. Effect of an upset. An upset constitutes an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limitations if the requirements of D.4.c. are met. No determination made during administrative review of claims that noncompliance was caused by upset, and before an action for noncompliance, is final administrative action subject to judicial review.

D.4.c. Conditions necessary for a demonstration of upset. A permittee who wishes to establish the affirmative defense of upset shall demonstrate, through properly signed, contemporaneous operating logs, or other relevant evidence that:

D.4.c.1. An upset occurred and that the permittee can identify the cause(s) of the upset.

D.4.c.2. The permitted project was at the time being properly operated.

D.4.c.3. The permittee submitted notice of the upset as required in F.2.a. of this permit.

D.4.c.4. The permittee complied with any remedial measures required under C.3. of this permit.

D.4.d. Burden of proof. In any enforcement proceedings the permittee seeking to establish the occurrence of an upset has the burden of proof.

D.5. Removed Substances

Where removed substances are not otherwise covered by the terms and conditions of this permit or other existing permits by the Director, any solids, sludge, filter backwash or other pollutants (removed in the course of treatment or control of wastewater) and which are intended for disposal within the State, shall be disposed of only in a manner and at a site subject to the approval by the Director. If such substances are intended for disposal outside the State or for reuse, i.e., as a material used for making another product, which in turn has another use, the permittee shall notify the Director in writing of the proposed disposal or use of such substances, the identity of the prospective disposer or users, and the intended place of disposal or use, as appropriate.

SECTION E. MONITORING AND REPORTING

Monitoring of discharges is not required for construction activities unless directed by the Director.

E.1. Definitions

"As-built drawing" means a certified drawing of conditions as they were actually constructed.

"Best management practices" (BMPs) means schedules of activities, prohibitions of practices, maintenance procedures, other management practices and various structural practices such as but not limited to silt fence, sediment traps, seeding and mulching, and rip-rap used to prevent or reduce erosion and sediment runoff and the pollution of surface waters of the State. BMPs also include treatment requirements, operating procedures and practices to control plant site runoff, spillage or leaks, sludge or waste disposal, or drainage from raw material storage.

"Buffer zone" means the region near the border of a protected area; a transition zone between areas managed for different objectives.

"Clearing" means cutting and removing vegetation with chain saws, brush axes, brush hogs and other mechanical means where there is little or no soil disturbance.

"Clean Water Act" (CWA) (formerly referred to as the Federal Water Pollution Control Act or Federal Water Pollution Control Act Amendments of 1972) Public Law 92-500, as amended by Public Law 95-217, Public Law 97-117 and Public Law 95-576; 33 U.S.C. 1251 et seq.

"Common plan of development" is a contiguous construction project where multiple separate and distinct construction activities may be taking place at different times on different schedules but under one plan. The "plan" is broadly defined as any announcement or piece of documentation or physical demarcation indicating construction activities may occur on a specific plot; included in this definition are most subdivisions.

"Control" is a best management practice such as erosion control or sediment control that will reduce sedimentation on a construction project.

"Construction Activity" means land disturbance operations such as grubbing, grading, filling, and excavating during site development for residential, commercial or industrial purposes. This includes, but is not limited to, access roads, borrow and spoil areas.

"Director" means the Director of the Division of Water and Waste Management, Department of Environmental Protection, or her designated representative.

"Disturbed area" is the total area of land disturbing activity that will take place during all phases of a construction project, including, but not limited to, all waste and borrow sites, utility installation, road building, mass grading, and site development.

"Diversion" means a berm or excavated channel or combination berm and channel constructed across sloping land on a predetermined grade. This includes but is not limited to protecting work areas from upslope runoff and reducing the size of the drainage going to sediment trapping structures (clean water diversion), transporting runoff across a project to minimize erosion and diverting sediment-laden water to an appropriate sediment-trapping structure.

"Erosion" means the displacement of solids (soil, mud, rock, and other particles) by the agents of wind, water, and ice in response to gravity.

"Establishment" means an industrial establishment, mill, factory, tannery, paper and pulp mill, mine, colliery, breaker or mineral processing operation, quarry, refinery, well and each and every industry or plant or works in the operation or process of which industrial wastes, sewage or other wastes are produced.

"Estimate" means to be based on a technical evaluation of the sources contributing to the discharge.

"Excavating" means large scale grading accomplished usually with heavy machinery.

"Final stabilization" means disturbed areas shall be covered permanent protection. Final stabilization includes pavement, buildings, stable waterways (riprap, concrete, grass or pipe), a healthy, vigorous stand of perennial grass that uniformly covers at least 70 percent of the ground, stable outlet channels with velocity dissipation that directs site runoff to a natural watercourse, and any other approved structure or material.

"Grading" means changing surface contours by removing soil and stone from one place and building it up in another.

"Groundwater" means the water occurring in the zone of saturation beneath the seasonal high water table or any perched water zones.

"Groundwater Protection Plan" (GPP) means groundwater protection practices developed and implemented in accordance with WV Legislative Rules, 47CSR58 (Groundwater Protection Rule).

"Grubbing" means physically removing vegetative stumps and roots from the ground and disturbing the earth, usually by heavy machinery.

"Intermittent stream" means a stream that has no flow during sustained periods of no precipitation and does not support aquatic life whose life history requires residence in flowing waters for a continuous period of at least six months.

"Karst" means a type of topography formed over limestone, dolomite, or gypsum resulting in dissolving or solution of the underlying calcareous rock.

"Minor construction activity" means an activity which disturbs one acre or more, but less than three acres.

"National Pollutant Discharge Elimination System" (NPDES) means the national program for issuing, denying, modifying, revoking and reissuing, suspending, revoking, monitoring and enforcing permits, and imposing and enforcing pretreatment requirements under Section 307, 318, 402, and 405 of CWA, including any approved state program.

"Notice of Intent" (NOI) is the form to be submitted by the applicant to register a small construction project (one that disturbs one to less than three acres) under the Construction Stormwater General Permit. A project that disturbs one to less than three acres but will have construction activities one year or longer must file a Site Registration Application Form.

"Notice of Termination" (NOT) is the form to be submitted by the permittee to terminate coverage under the Construction General Stormwater Permit, after final stabilization has been completed. See Final Stabilization.

"Permanent detention/retention facility" means: Detention- The process of reducing offsite stormwater discharge rates by temporarily holding the water in a storage basin and then releasing it slowly over a period of time. The objective of a detention facility is to regulate the runoff from a given rainfall event and to control discharge rates to reduce the impact on downstream stormwater systems. Retention- The prevention of stormwater runoff from being discharged into receiving waters by storing it in a storage area. Water is retained and stored until it is lost through percolation, removed by evapotranspiration by plants, or through evaporation from the free water surface. Retention systems are designed to not have any offsite discharges.

"Point source" is any discernible, confined and discrete conveyance, including but not limited to, any pipe, ditch, channel, tunnel, conduit, well, discrete fissure, and container from which pollutants are or may be discharged to surface waters of the state.

"Pollutant" means industrial waste, sewage or other wastes.

"Post-development" means the anticipated final conditions of the project, including rooftops, parking lots, streets, drainage systems, vegetation, and any other structure planned. For subdivisions and speculative developments, it will be assumed that all lots are developed.

"Pre-development" means the condition of the land, the amount and health of the ground cover and vegetation prior to development.

"Runoff coefficient" means the fraction of total rainfall that is not infiltrated into the ground that will appear at the point of discharge as runoff.

"Runoff curve number" is the numeric value reflecting the runoff coefficient and is based on soils, slopes, and type and health of the ground cover.

"Secretary" means the Secretary of the Department of Environmental Protection, or her designated representative.

"Sediment" means any particulate matter that can be transported by fluid flow and which eventually is deposited as a layer of solid particles on the bed or bottom of a body of water or other liquid.

"Sedimentation" means the deposition by settling of a suspended material.

"Sediment trap" means a temporary ponding area formed by constructing an embankment or excavation and embankment that will trap the flow of sediment-laden runoff. Sediment traps have a properly stabilized outlet/weir or riser and pipe to detain sediment-laden runoff from small disturbed areas of five acres or less. Outlets must be designed to extend the detention time and allow the majority of the sediment to settle out.

"Sediment basin" means a temporary structure consisting of an earthen embankment, or embankment and excavated area, located in a suitable area to capture sediment-laden runoff from a construction site. A sediment basin reduces the energy of the water through extended detention (48 to 72 hours) to settle out the majority of the suspended solids and sediment and prevent sedimentation in waterways, culverts, streams and rivers. Sediment basins have both wet and dry storage space to enhance the trapping efficiency and are appropriate in drainage areas of five acres and greater.

"Sinkhole" means a depression in the land surface formed by solution or collapse that directs surface runoff into subsurface or to an underground drainage flow.

"Site Registration Application forms" means the forms designed by the Director for the purpose of registering for coverage under a general permit. Under the General Permit there will be two separate forms, one for one to less than three acres (Notice of Intent) and the Site Registration Application form for projects that disturb three acres and greater. A project that disturbs one to less than three acres but will have construction activities one year or longer must file a Site Registration Application form.

"Stormwater" means stormwater runoff, snowmelt runoff, and surface runoff and drainage.

"Stormwater management facilities" means structures such as ponds, basins, outlets, ditches, velocity dissipaters, infiltration trenches and basins, extended detention basins and ponds, and any other structure used to control the quality and quantity of stormwater from a development project.

"Stormwater Pollution Prevention Plan" (SWPPP) means the erosion and sediment control plan and the post development plan submitted as part of the Site Registration Application form.

"Tier 2.5 Waters" means Waters of Special Concern as identified in 60CSR5 (Antidegradation Implementation Procedures) and 47CSR2-4.1.c. (Requirements Governing Water Quality Standards).

"Tier 3 Waters" means waters as otherwise identified in 47CSR2-4.1.d. (Requirements Governing Water Quality Standards).

"Trout Streams" means any waters which meet the definition of 47CSR2-2.18. (Requirements Governing Water Quality Standards).

"1-year, 24-hour precipitation event" means the maximum 24-hour precipitation event with a probable recurrence interval of once in one year.

"25-year, 24-hour precipitation" means the maximum 24-hour precipitation event with a probable recurrence interval of once in 25 years.

SECTION F. OTHER REPORTING

F.1. Reporting Spill and Accidental Discharges

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee from any responsibilities, liabilities, or penalties established pursuant to 47CSR11-2. (Special Rules) of the West Virginia Legislative Rules promulgated pursuant to Chapter 22, Article 11.

F.2. Immediate Reporting

F.2.a. The permittee shall report any noncompliance which may endanger health or the environment immediately after becoming aware of the circumstances by using the Department's designated spill alert telephone number ((800) 642-3074). A written submission shall be provided within five days of the time the permittee becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and time, and if, the noncompliance has not been corrected, the anticipated time it is

expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.

SECTION G. OTHER REQUIREMENTS

G.1. Requiring an Individual Permit or an Alternative General Permit.

G.1.a. The Director may require any person authorized by this permit to apply for and obtain either an individual NPDES permit or an alternative NPDES General Permit. Any interested person may petition the Director to take action under this paragraph. The Director may require any owner or operator authorized by this permit to apply for an individual NPDES permit only if the owner or operator has been notified in writing that such a permit application is required.

G.2. Prohibition of Non-Stormwater Discharges

All discharges authorized by this permit shall be composed entirely of stormwater. Discharges of material other than stormwater are not authorized by this permit except as follows.

The following non-stormwater discharges are authorized by this permit: discharges from firefighting activities, fire hydrant flushing; waters used to wash vehicles or control dust; potable water sources, including waterline flushing; irrigation drainage; lawn watering; routine external building washdown which does not use detergents; pavement washwater where spills or leaks of toxic or hazardous materials have not occurred (unless all spilled material has been removed) and where detergents are not used; air conditioning condensate; springs; uncontaminated groundwater; and foundation or footing drains where flows are not contaminated with process materials such as solvents that are combined with stormwater discharges associated with industrial activity.

This permit does not authorize the conveyance, diversion, channeling, directing or otherwise allowing the discharge of stormwater into a sinkhole without an Underground Injection Control Permit.

G.3. Releases in Excess of Reportable Quantities

This permit does not relieve the permittee of the reporting requirements of 40CFR117 and 40CFR302. The discharge of hazardous substances in the stormwater discharge(s) from a project is not authorized by this General Permit, and in no case shall the discharge(s) contain a hazardous substance equal to or in excess of reporting quantities.

G.4. Stormwater Pollution Prevention Plans and Groundwater Protection Plans (SWPPP/GPP)

A Stormwater Pollution Plan and a Groundwater Protection Plan shall be developed for each project covered by this permit. These two plans may be combined into one plan if all of the requirements for both plans are met. Alternatively, they may be developed and maintained as separate stand-alone documents.

Stormwater Pollution Prevention Plans shall be prepared in accordance with good engineering practices. The plan shall identify potential sources of pollution that may reasonably be expected to affect the quality of stormwater discharges associated with construction activity. In addition, the plan shall describe and ensure the implementation of practices that are to be used to reduce the pollutants in stormwater discharges associated with construction activity and to assure compliance with the terms and conditions of this permit.

Groundwater Protection Plans (GPP) shall be prepared in accordance with the requirements of 47CSR58-4.11. et seq (Groundwater Protection Regulations). The GPP shall identify all operations that may reasonably be expected to contaminate the groundwater resources with an indication of the potential for soil and groundwater contamination from those operations. In addition the GPP shall provide a thorough and detailed description of procedures designed to protect groundwater from the identified potential contamination sources. The GPP is not required to be submitted to the Division of Water and Waste Management for review. Guidance in the completion of a GPP is available from the Division of Water and Waste Management.

G.4.a. The SWPPP and the GPP shall be signed in accordance with Section C.6. and retained onsite.

G.4.b. The application and SWPPP shall be submitted to the Division of Water and Waste Management at least 45 days before construction is to begin, except as noted in G.4.b.3. and G.4.b.4. Prospective permittees should submit applications for review prior to accepting construction bids on the project. As the plans are evaluated by the Director or authorized representative, the Director or authorized representative may notify the permittee during the 45-day review period that the plan does not meet one or more of the minimum requirements of this section. After such notification from the Director or authorized representative, the permittee shall make changes to the plan in accordance with the time frames established below, and shall submit to the Director a written certification that the requested changes have been made.

G.4.b.1. Except as provided in G.4.b.2., the permittee shall have 30 days after such notification to make the changes necessary.

G.4.b.2. The permittee shall have 24 hours after such notification to make changes relating to sediment and erosion controls to prevent loss of sediment from an active construction site, unless additional time is provided by the Director or an authorized representative.

G.4.b.3. Projects disturbing less than three acres and that do not discharge to or upstream of Tier 2.5 or Tier 3 waters shall submit only the Notice of Intent Form (NOI) 10 days prior to initiating construction. A project that disturbs one to less than three acres but will have construction activities one year or longer must file a Site Registration Application form.

G.4.b.4. Projects that will discharge to or upstream of Tier 2.5 or Tier 3 waters and disturb three acres or more, or that will disturb 100 or more acres, or that the grading phase of construction will last for more than one year, shall submit the application and SWPPP at least 90 days prior to construction to allow for the public notice procedure.

G.4.b.5. Within 24 hours of filing an NOI (one to less than three acres) or a Site Registration Application (three acres or more) with DWWM, all projects shall display a sign for the duration of the construction project near the entrance of the project or, for linear projects, at a location near an active part of the project that is accessible by the public, which contains the following information using the template found in the instructions: 1) the registrant's name or the name of a contact person along with a telephone number; 2) A brief description of the project; 3) a statement indicating that the NOI or SWPPP, as applicable, has been filed with the DWWM; 4) the address and telephone number of the agency where the NOI or SWPPP is maintained; and 5) That any person may obtain a copy of the NOI or SWPPP by contacting the DWWM at (800) 654-5227. The sign shall be a minimum of two feet by two feet and at least three feet above ground level, clearly visible and legible from a public roadway or right-of-way. If it is not feasible to display a sign at or near the project, the registrant, with prior approval from the DWWM, may post a notice containing the foregoing information at a local public building, including, but not limited to, a town hall or public library.

G.4.c. The permittee shall modify, using forms provided by DWWM, the SWPPP whenever there is a change in design, construction, scope of operation, or maintenance, which has the potential to adversely impact the surface waters of the State, or if the SWPPP proves to be ineffective in achieving the general objectives of controlling pollutants in stormwater discharges associated with construction activities. Should conditions warrant, the Director, or the Director's representative, may request changes to the SWPPP during a field inspection. The Director may review changes or modifications to the SWPPP in the same manner as above.

The permittee shall amend the GPP whenever there is a change in design, construction, operation, or maintenance which could reasonably be expected to have an impact on the potential contamination of groundwater.

G.4.d. In addition to the requirements of G.4.e, the SWPPP shall also include, at a minimum, the following items:

G.4.d.1. General management controls

G.4.d.1.A. Preventive maintenance – A preventive maintenance program shall involve inspection and maintenance of sediment and erosion control best management practices to identify and address conditions that could cause breakdowns or failures resulting in discharges of pollutants to surface waters.

G.4.d.1.B. Good housekeeping – Good housekeeping requires the maintenance of a clean and orderly project.

G.4.d.1.C. Spill prevention and response procedures – Areas where potential spills may occur, and their accompanying drainage points, shall be identified clearly in the SWPPP/GPP. Where appropriate, specify material handling procedures and storage requirements in the SWPPP/GPP. Procedures for cleaning up spills shall be identified in the plan and made available to the appropriate personnel. The necessary equipment to implement a cleanup shall be available to personnel, including spill kits.

G.4.d.2. Consistency with other plans

Stormwater Pollution Prevention Plans may reflect requirements for Spill Prevention Control and Countermeasure (SPCC) plans under section 311 of the CWA or any Best Management Practices (BMP) and Groundwater Protection Plans (GPP) pursuant to 47CSR58 (Groundwater Protection Rule) or otherwise required by an NPDES permit and may incorporate any part of such plans into the Stormwater Pollution Prevention Plan by reference.

G.4.e. Requirements for construction activities – Operations that discharge stormwater associated with construction activity disturbing one or more acres are not only subject to the requirements of Section G.4.d. of this permit, but are also subject to the following requirements. The SWPPP shall include, as a minimum, the following items.

G.4.e.1. Site description – Each plan shall, at a minimum, provide a description of the following:

G.4.e.1.A. A description of the nature of the construction activity, including a proposed timetable for major activities;

G.4.e.1.B. Estimates of the total area of the site and the part of the site that is expected to undergo excavation or grading and the total amount of excavation by cut and fill;

G.4.e.1.C. For each discharge design point, the pre-construction peak discharge from a one year, 24-hour storm in cubic feet per second and an the post-development peak discharge from a one year, 24-hour storm in cubic feet per second shall be calculated. The design procedures shall follow professionally accepted engineering and hydrologic methodologies.

G.4.e.1.D. Site maps indicating, with a minimum of five-foot contours, drainage patterns and slopes prior to construction and anticipated conditions after grading activities, topsoil stockpiles, waste areas, borrow sites, locations of sediment control structures identified

in the narrative, the location of impervious areas after construction is complete, final stormwater routing including all ditches and pipe systems, property boundaries and easements, nearest receiving stream, access roads, legend and springs, surface waters and any other information necessary to describe the project in detail.

G.4.e.1.E. A description and detail of the proposed construction entrance(s). Each site shall have stone access entrance and exit drives and parking areas to reduce the tracking of sediment onto public or private roads. Except for haul roads, all unpaved roads on the site carrying more than 25 vehicles per day shall be graveled.

G.4.e.2. Controls – Each construction operation covered by this permit shall develop a description of controls appropriate for the project and implement such controls. The description of these controls shall address the following minimum components, including a schedule for implementing such controls.

G.4.e.2.A. Erosion and sediment controls

G.4.e.2.A.i. Vegetative practices – A description of interim and permanent stabilization practices, including site specific implementation schedules of the practices shall be provided. Site plans should ensure that existing vegetation is preserved where attainable and that disturbed portions of the site are stabilized as rapidly as possible. Stabilization practices may include: temporary seeding, permanent seeding, mulching, geotextiles, sod stabilization, vegetative buffer strips, protection of trees, preservation of mature vegetation, and other appropriate measures. Also include in the plan seedbed preparation requirements and the type and amount of soil amendments necessary to establish a healthy stand of vegetation. A record of the dates when major grading activities will occur, and when construction activities temporarily or permanently cease on a portion of the site, and when stabilization measures will be initiated shall be included in the plan. Except as noted below, stabilization measures shall be initiated as soon as practicable in portions of the site where construction activities have temporarily or permanently ceased, but in no case more than seven days after the construction activity in that portion of the site has permanently ceased.

G.4.e.2.A.i.a. Where the initiation of stabilization measures by the seventh day after construction activity temporarily or permanently ceases is precluded by snow cover, stabilization measures shall be initiated as soon as conditions allow.

G.4.e.2.A.i.b. Where construction activity will resume on a portion of the site within 21 days from when activities ceased, (e.g., the total time period that construction activity is temporarily halted is less that 21 days) then stabilization measures do not have to be initiated on that portion of the site by the seventh day after construction activities have temporarily ceased.

G.4.e.2.A.i.c. Areas where the seed has failed to germinate adequately (uniform perennial vegetative cover with a density of 70%) within 30 days after seeding and

mulching must be reseeded immediately, or as soon as weather conditions allow.

G.4.e.2.A.i.d. Diversions must be stabilized prior to becoming functional.

G.4.e.2.A.ii. Structural practices – A description of the structural practices to be used to divert flows around exposed soils, store flows or otherwise limit runoff from exposed areas and eliminate sediment-laden runoff from the site. Such practices may include but are not limited to silt fences, earth dikes and berms, land grading, diversions, drainage swales, check dams subsurface drains, pipe slope drains, storm drain inlet protection, rock outlet protection, reinforced soil retention systems and geotextiles, gabions and riprap, and permanent and temporary sediment traps/basins.

G.4.e.2.A.ii.a. For locations on a site that have a drainage area of five acres or less, a sediment trap which provides a storage volume equal to 3,600 cubic feet per acre of drainage area shall be installed. Half of the volume of the trap will be in a permanent pool and half will be dry storage.

G.4.e.2.A.ii.b. For drainage areas of greater than five acres, a sediment basin providing 3,600 cubic feet per drainage acre shall be installed. Half of the volume of the basin shall be in a permanent pool and half shall be dry storage. Sediment basins must be able to dewater the dry storage volume in 48 to 72 hours. A sediment basin must be able to pass through the spillway(s) a 25-year, 24-hour storm event, and still maintain at least one foot of freeboard.

G.4.e.2.A.ii.c. The inlet(s) and outlet(s) for a sediment trapping structure must be protected against erosion by appropriate material such as riprap or other similar media.

G.4.e.2.A.ii.d. If necessary, diversions will be used to direct runoff to the trapping structure. Diversions must be stabilized prior to becoming functional.

G.4.e.2.A.ii.e. For locations served by a common drainage where a detention basin providing 3,600 cubic feet of storage is not attainable, additional sediment and erosion controls within the project area are required in lieu of the required sized sediment basin. Justification and a narrative description of the additional measures proposed must be provided for use of any practice(s) other than sediment basins or traps.

G.4.e.2.A.ii.f. Fill slopes must be protected by measures used to divert runoff away from fill slopes to conveyance measures such as pipe slope drains or stable channels.

G.4.e.2.A.ii.g. Sediment trapping structures will be eliminated and the area properly reclaimed and stabilized when the contributing drainage area is stabilized and the structures are no longer needed, unless the structure is converted into a permanent stormwater detention/retention structure.

G.4.e.2.A.ii.h. All trapped sediments will be disposed on an upland area where there is no chance of entering nearby streams.

G.4.e.2.A.ii.i. Breaching the embankment to dewater the structure is not permitted. Dewatering and structure removal shall not cause a violation of water quality standards. Provide a description of the procedures that will be used in removing these structures and the time frame.

G.4.e.2.A.ii.j. No sediment-laden water will be allowed to leave the site without going through an appropriate best management practice.

G.4.e.2.A.ii.k. Hay or straw bales are not acceptable BMPs.

G.4.e.2.A.iii. Presumptive conditions for discharges to Tier 2.5 and Tier 3 waters

Construction activities discharging to Tier 2.5 or Tier 3 waters will go through the Tier 2.5 or Tier 3.0 antidegradation review process.

G.4.e.2.B. Stormwater management plan

A description of measures that will be installed during construction to control pollutants in stormwater discharges after the project is completed shall be included in the SWPPP. The completed project shall convey stormwater runoff in a manner that will protect both the site and the receiving stream from post-construction erosion. All surface waters and other runoff conveyance structures shall be permanently stabilized as appropriate for expected flows. In developing structural practices for stormwater control, the permittee shall consider the use of, but not limited to: infiltration of runoff onsite; flow attenuation by use of open vegetated swales and natural depressions; stormwater retention structures and stormwater detention structures. A combination of practices may be utilized. The permittee should consider low impact development (LID) in the design of the site and the best management practices. This will allow the site to retain its natural hydrology and infiltrate stormwater within the boundary of the site. The use of impervious surfaces for stabilization should be avoided. Velocity dissipation devices shall be placed at the outlet of all detention or retention structures and along the length of any outlet channel as necessary to provide a non-erosive velocity flow from the structure to a water course.

Projects located in areas that have local government requirements and/or criteria for post development stormwater management must meet those requirements and/or criteria. Compliance with this general permit does not assure compliance with local codes regulations, or ordinances.

The permittee shall submit all calculations, watershed mapping, design drawings, and any other information necessary to explain the technical basis for the stormwater management plan. Since development site conditions vary widely, plan preparers will have significant latitude in designing practices to comply with this provision of the

permit. However, design procedures shall follow professionally accepted engineering and hydrologic methodologies. Permanent stormwater management structures that will impound water (detention/retention basins or similar structures) shall be designed and certified by a registered professional engineer. These structures shall also have a certified as-built drawing submitted with the Notice of Termination at the completion of the project.

G.4.e.2.C Other controls

G.4.e.2.C.i. Waste disposal –All solid waste and construction/demolition material must be disposed of in accordance with the Code of West Virginia and Legislative Rule Title 33 Series 1, (Solid Waste Management Rule).

G.4.e.2.C.ii. Provisions must be made to control fugitive dust.

G.4.e.2.C.iii. Groundwater Protection Plan (GPP) – The applicant shall prepare a GPP that will satisfy the 47CSR58-4.11. et seq. Groundwater must be protected in accordance with the Code of West Virginia and Legislative Rule Title 47 Series 58 (Groundwater Protection Rule).

G.4.e.2.C.iv. Employee training – Employee training programs shall inform personnel at all levels of responsibility of the components and goals of the SWPPP. Training should address topics such as spill response, good housekeeping and routine inspection. Training shall be on a quarterly basis and records of the training shall be maintained on site for review by the Director or the Director's representative.

G.4.e.2.C.v. Visual inspection – Company personnel shall be identified to inspect as set forth under G.4.e.2.D. A tracking procedure shall be used to ensure that adequate corrective actions have been taken in response to deficiencies identified during an inspection. Records of inspections shall be maintained onsite for review by the Director or the Director's representative.

G.4.e.2.C.vi. Recordkeeping and internal reporting procedures – Incidents such as spills, leaks and improper dumping, along with other information describing the quality and quantity of stormwater discharges should be included in the records. Inspection and maintenance records must be kept onsite for review by the Director or the Director's representative.

G.4.e.2.D Maintenance

A description of procedures to maintain in good and effective condition and promptly repair or restore all grade surfaces, walls, dams and structures, vegetation, erosion and sediment control measures and other protective devices identified in the site plan. At a minimum, procedures in a plan shall provide that all erosion controls on the site are inspected at least once every seven calendar days and within 24 hours after any storm event of greater than 0.5 inches of rain per 24-hour period.

G.4.e.2.D.i. All public and private roads adjacent to a construction entrance must be inspected and cleaned of debris originating from the construction site as necessary.

G.4.f. All Stormwater Pollution Prevention Plans and Groundwater Protection Plans required under this permit are considered reports that shall be available to the public under Section 308(b) of the CWA. The owner or operator of a project with stormwater discharges covered by this permit shall make plans available to members of the public upon request. However, the permittee may claim any portion of a Stormwater Pollution Plan or Groundwater Protection Plan as confidential in accordance with 47 CSR10-12.7. (NPDES Program).

G.4.g. Compliance with other laws and statutes

Nothing in this general permit shall be construed as excusing the permittee from compliance with any applicable federal, state, or local statutes, ordinances, or regulations.

G.5. Discharges to Impaired Waters

This permit does not authorize new sources or new discharges of constituents of concern to impaired waters unless consistent with the approved total maximum daily load (TMDL) and applicable state law. Impaired waters are those that do not meet applicable water quality standards and are listed on the Clean Water Act Section 303(d) list. Pollutants of concern are those constituents for which the water body is listed as impaired. Discharges of pollutants of concern to impaired waterbodies for which there is an approved TMDL are not eligible for coverage under this permit unless they are consistent with the approved TMDL. Within six months of the TMDL approval, permittees must incorporate any limitations, conditions or requirements applicable to their discharges necessary for compliance with the TMDL, including any monitoring or reporting required by DWWM rules, into their SWPPP in order to be eligible for coverage under this general permit.

Sites that discharge into a receiving water that has been listed on the Clean Water Act 303(d) list of impaired waters, and with discharges that contain the pollutant(s) for which the water body is impaired, must document in the SWPPP how the BMPs will control the discharge of the pollutant(s) of concern.

G.6. Endangered and Threatened Species

If a site discharges to a stream where a federally endangered or threatened species or its habitats are present, the applicant shall contact the U.S. Fish and Wildlife Service to insure that requirements of the federal Endangered Species Act are met.

H. Reopener Clause

If there is evidence indicating potential or realized impacts on water quality due to any stormwater discharge authorized by this general permit, the owner or operator of such discharge may be required to obtain an individual permit or alternative general permit in accordance with Section G.1. of this permit, or the permit may be modified to include different limitations and/or requirements.

I. The conditions, standards, and limitations of this General Permit will be reviewed at the time of reissuance for possible revisions that may lead to more or less stringent conditions, standards, and limitations.

J. Permit coverage for construction activities encompassed by this permit expires upon satisfactory stabilization of the site. Satisfactory stabilization means **ALL** disturbed areas shall be covered by some permanent protection. Stabilize includes pavement, buildings, waterways (riprap, concrete, grass, or pipe), a healthy, vigorous stand of grass that uniformly covers more than 70 percent of the ground, stable outlet channels with velocity dissipation which directs site runoff to a natural watercourse, and any other approved structure or material. The permittee will request a final inspection by sending in the Notice of Termination. The Notice of Termination shall also include as-built drawings, certified by a registered professional engineer, for any permanent ponds or basins. Sites not stabilized will continue to have coverage under this permit and will be assessed an annual permit fee as promulgated by the West Virginia Legislature. Sites will be assessed a prorated annual fee based upon the completion date and proper stabilization. The Notice of Termination must be submitted within 30 days after final stabilization is achieved.

****

The herein-described activity is to be constructed or installed and operated, used and maintained strictly in accordance with the terms and conditions of this permit with any plans, specifications, and information submitted with the individual site registration application form, with any plan of maintenance and method of operation thereof submitted and with any applicable rules and regulations promulgated by the Environmental Quality Board and the Secretary of the Department of Environmental Protection.

Failure to comply with the terms and conditions of this permit, with any plans, specifications and information submitted, and with any plan of maintenance and method of operation thereof submitted shall constitute grounds for the revocation or suspension of this permit to any individual establishment or other person and for the invocation of all the enforcement procedures set forth in Chapter 22, Articles 11 and 12 of the Code of West Virginia.

This permit is issued in accordance with the provisions of Chapter 22, Article 11 of the Code of West Virginia.

BY: _____
Director

AECOM
1700 Market Street
Suite 1600
Philadelphia, PA 19103
www.aecom.com

215 735 0832 tel
215 735 0883 fax

RECEIVED
OCT 15 2010
STAFFORD CONSULTANTS

October 13, 2010

Stacy A. Fowler
Sanitary Engineer
Stafford Consultants, Inc.
P.O. Box 5849
Princeton, West Virginia 24740

SUBJECT: Oakvale, Mercer County, West Virginia
Milepost N-348.4 & N-346.7, Walton-Bluefield Line, Virginia Division

Norfolk Southern Activity No. 1146806
Proposed installation of two water pipes

Dear Mr. Fowler:

AECOM, as consultant for Norfolk Southern Railway Company, has reviewed the pipeline occupancy permit application for Oakvale Road PSD regarding the proposed installation of two water pipes at the subject location.

Enclosed are two original counterparts of the License Agreement for execution on behalf of Oakvale. Please return to **this AECOM office** the following:

- Two original agreement counterparts signed and witnessed – do not date this document as the license will not be in effect until final execution by Railway. Railway will date the agreement and will return a fully executed original for your records.
- A check in the amount of $22,400 (payable to **Norfolk Southern Railway Company**) to cover the insurance fee ($2,000) and the one-time license fee ($20,400)
- The Certificate of Commercial General Liability Insurance as required in Paragraph 11, a, ii. – attached is a sample CGL certificate; in order to avoid delay to your project, please ensure the certificate is completed exactly as indicated on the sample, including:
  - Description of operations must state "**Norfolk Southern Railway Company is included as additional insured – Activity Number 1146806**
  - Certificate Holder in the name of
    Norfolk Southern Railway Company
    Director Risk Management
    Three Commercial Place
    Norfolk, VA 23510

No work on railroad right of way is authorized until you are in receipt of a fully executed agreement and instructions are obtained from Railway's designated construction representative. The contact information for Railway's construction representative(s) will be provided upon return of the fully executed counterpart.

The terms and conditions of this License Agreement shall be valid for 60 calendar days after the date of this letter. If you are unable to execute the License Agreement within this 60 calendar day time frame, please advise this office in writing of your intent. This activity will be automatically cancelled in 60 calendar days if the agreement is not executed, or we do not receive your request for a time extension. Reactivation of cancelled activities may require a new application along with appropriate application fees, and license agreements will be re-drafted in accordance with then current Norfolk Southern terms and conditions.

Very truly yours,

James S. McKay
Contract Administrator
(215) 789-2159
james.mckay@aecom.com

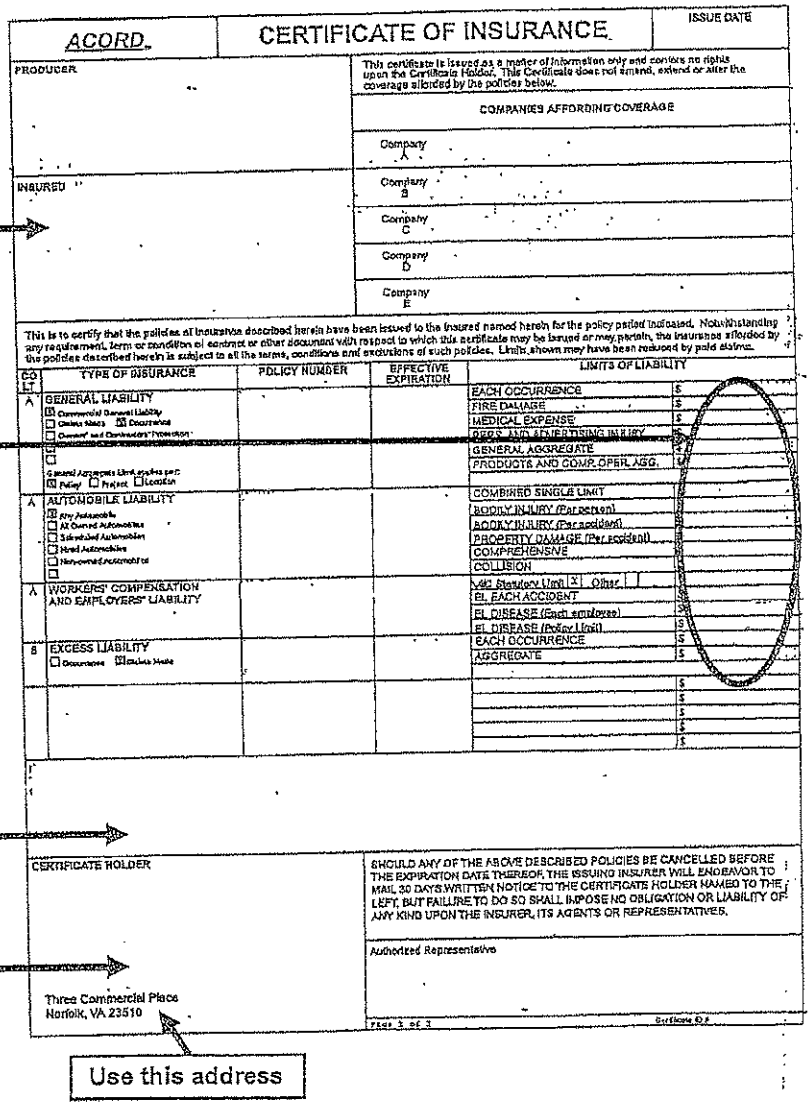
Sample CGL Certificate

Licensee/Lessee/Industry identified in the agreement must be the named insured. Norfolk Southern also requires the prime contactors CGL certificate

The amount in this " Each Occurrence" box must be at least $1,000,000.00 or the amount in this box combined with the "Each Occurrence" coverage of any Excess Liability must be at least $1,000,000.00

This box should contain the Name of the Railroad included as an additional insured. This certificate applies to all contracts/agreements between the named insured and Railway. Add **Railway activity #**

Name of Railway must be the **exact name of Railway** on Agreement: Example, Central of Georgia Railroad Company, Florida Railway Company ect.



ACORD. CERTIFICATE OF INSURANCE ISSUE DATE

PRODUCER

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

COMPANIES AFFORDING COVERAGE

Company A

Company B

Company C

Company D

Company E

This is to certify that the policies of insurance described herein have been issued to the insured named herein for the policy period indicated. Notwithstanding any requirement, term or condition of 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, conditions and exclusions of such policies. Limits shown may have been reduced by paid claims.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	EFFECTIVE EXPIRATION	LIMITS OF LIABILITY
A	GENERAL LIABILITY ☑ Commercial General Liability ☐ Claims Made ☑ Occurrence ☐ Owner's and Contractors' Protection ☐ General Aggregate Limit applies per: ☑ Policy ☐ Project ☐ Location			EACH OCCURRENCE $ FIRE DAMAGE $ MEDICAL EXPENSE $ PERS. AND ADVERTISING INJURY $ GENERAL AGGREGATE $ PRODUCTS AND COMP. OPER. AGG. $
A	AUTOMOBILE LIABILITY ☑ Any Automobile ☐ All Owned Automobiles ☐ Scheduled Automobiles ☐ Hired Automobiles ☐ Non-owned Automobiles ☐			COMBINED SINGLE LIMIT BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident) COMPREHENSIVE COLLISION
A	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY			WC Statutory Limit X Other EL EACH ACCIDENT EL DISEASE (Each employee) EL DISEASE (Policy Limit)
B	EXCESS LIABILITY ☐ Occurrence ☑ Claims Made			EACH OCCURRENCE $ AGGREGATE $

CERTIFICATE HOLDER

Three Commercial Place
Norfolk, VA 23510

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

Authorized Representative

Page 1 of 2

Use this address

THIS AGREEMENT, dated as of the _____ day of _____, 20___ is made and entered into by and between

NORFOLK SOUTHERN RAILWAY COMPANY, a Virginia corporation, whose mailing address is Three Commercial Place, Norfolk, Virginia, 23510 (hereinafter called "Railway"); and

OAKVALE ROAD PSD, a political subdivision of the State of West Virginia, whose mailing address is P.O. Box, Princeton, West Virginia 24740 (hereinafter called "Licensee").

WITNESSETH

WHEREAS, Licensee proposes to install, maintain, operate and remove a 6-inch water pipe encased in a 16-inch steel pipe at Milepost N-348.4 (Crossing # 2) and a 8-inch water pipe in a 18-inch steel pipe at Milepost N-346.7 (Crossing # 3) (hereinafter called the "Facilities") located in, under and across the right-of-way or property and any tracks of Railway on the Walton-Bluefield line, at or near **Oakvale, Mercer County, West Virginia,** the same to be located in accordance with and limited to the installation shown on print of drawings marked DWG. No. 3, and DWG No. 2 dated September 10, 2010, and Pipe Data Sheet attached hereto and made a part hereof; and

WHEREAS, Licensee desires a license to use such right-of-way or property of Railway for the installation, construction, maintenance, operation and removal of the Facilities.

NOW, THEREFORE, for and in consideration of the premises, the payment of a non-refundable, non-assignable one-time fee in the amount of TWENTY-TWO THOUSAND FOUR HUNDRED AND 00/100 DOLLARS ($22,400 (hereinafter called the "Fee") to cover the Risk Financing Fee (as hereinafter defined) in the amount of $ 2,000, and a one-time occupancy fee in the amount of $20,400, and the covenants hereinafter set forth, Railway hereby permits and grants to Licensee, insofar as Railway has the right to do so, without warranty and subject to all encumbrances, covenants and easements to which Railway's title may be subject, the right to use and occupy so much of Railway's right-of-way or property as may be necessary for the installation, construction, maintenance, operation and removal of the Facilities (said right-of-way or property of Railway being hereinafter collectively called the "Premises"), upon the following terms and conditions:

1. Use and Condition of the Premises. The Premises shall be used by Licensee only for the installation, construction, maintenance, operation and removal of the Facilities and for no other purpose without the prior written consent of Railway, which consent may be withheld by Railway in its sole discretion. Licensee accepts the Premises in their current "as is" condition, as suited for the installation and operation of the Facilities, and without the benefit of any improvements to be constructed by Railway.

2. Installation of the Facilities; Railway Support. Licensee shall, at its expense, install, construct, maintain and operate the Facilities on a lien-free basis and in such a manner as

will not interfere with the operations of Railway, or endanger persons or property of Railway. Such installation, construction, maintenance and operation of the Facilities shall be in accordance with (a) the plans and specifications (if any) shown on the prints attached hereto and any other specifications prescribed by Railway, (b) applicable laws, regulations, ordinances and other requirements of federal, state and local governmental authorities, and (c) applicable specifications adopted by the American Railway Engineering and Maintenance-of-Way Association, when not in conflict with the applicable plans, specifications, laws, regulations, ordinances or requirements mentioned in (a) and (b), above. All underground pipes must have secondary pipe containment if the material flowing through the pipeline poses a safety or environmental hazard. Any change to the character, capacity or use of the Facilities shall require execution of a new agreement.

3. Railway Support. Railway shall, at Railway's option, furnish, at the sole expense of Licensee, labor and materials necessary, in Railway's sole judgment, to support its tracks and to protect its traffic (including, without limitation, flagging) during the installation, maintenance, repair, renewal or removal of the Facilities.

4. Electronic Interference. Licensee will provide Railway with no less than sixty (60) days advance written notice prior to the installation and operation of cathodic protection in order that tests may be conducted on Railway's signal, communications and other electronic systems (hereinafter collectively called the "Electronic Systems") for possible interference. If the Facilities cause degradation of the Electronic Systems, Licensee, at its expense, will either relocate the cathodic protection or modify the Facilities to the satisfaction of Railway so as to eliminate such degradation. Such modifications may include, without limiting the generality of the foregoing, providing additional shielding, reactance or other corrective measures deemed necessary by Railway. The provisions of this paragraph 4 shall apply to the Electronic Systems existing as of the date of this Agreement and to any Electronic Systems that Railway may install in the future.

5. Corrective Measures. If Licensee fails to take any corrective measures requested by Railway in a timely manner, or if an emergency situation is presented which, in Railway's judgment, requires immediate repairs to the Facilities, Railway, at Licensee's expense, may undertake such corrective measures or repairs as it deems necessary or desirable.

6. Railway Changes. If Railway shall make any changes, alterations or additions to the line, grade, tracks, structures, roadbed, installations, right-of-way or works of Railway, or to the character, height or alignment of the Electronic Systems, at or near the Facilities, Licensee shall, upon thirty (30) days prior written notice from Railway and at its sole expense, make such changes in the location and character of the Facilities as, in the opinion of the chief engineering officer of Railway, shall be necessary or appropriate to accommodate any construction, improvements, alterations, changes or additions of Railway.

7. Assumption of Risk. Unless caused solely by the negligence of Railway or caused solely by the willful misconduct of Railway, Licensee hereby assumes all risk of damage to the Facilities and Licensee's other property relating to its use and occupation of the Premises or business carried on the Premises and any defects to the Premises; and Licensee hereby

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indemnifies Railway, its officers, directors, agents and employees from and against any liability for such damage.

8. Entry Upon Premises. Prior to commencement of any work to be performed on or about the Premises, Licensee shall notify the appropriate Division Engineer for the scheduling of protection and inspection. Within seventy-two (72) hours after the Division Engineer's actual receipt of such notification, the Division Engineer shall review the necessity and availability of flagmen for the proposed work and advise Licensee of such matters and the estimated cost therefor. No work shall be permitted on or about the Premises without the presence of Railway's flagman or the Division Engineer's waiver of the requirement for flag protection. Entry on or about the Premises or any other Railway right-of-way without the Division Engineer's prior approval shall be deemed trespassing. Licensee agrees to pay Railway, within thirty (30) days after delivery of an invoice therefor, for any protection and inspection costs incurred by Railway, in Railway's sole judgment, during any such entry.

9. Liens; Taxes. Licensee will not permit any mechanic's liens or other liens to be placed upon the Premises, and nothing in this Agreement shall be construed as constituting the consent or request of Railway, express or implied, to any person for the performance of any labor or the furnishing of any materials to the Premises, nor as giving Licensee any right, power or authority to contract for or permit the rendering of any services or the furnishing of any materials that could give rise to any mechanic's liens or other liens against the Premises. In addition, Licensee shall be liable for all taxes levied or assessed against the Facilities and any other equipment or other property placed by Licensee within the Premises. In the event that any such lien shall attach to the Premises or Licensee shall fail to pay such taxes, then, in addition to any other right or remedy available to Railway, Railway may, but shall not be obligated to, discharge the same. Any amount paid by Railway for any of the aforesaid purposes, together with related court costs, attorneys' fees, fines and penalties, shall be paid by Licensee to Railway within ten (10) days after Railway's demand therefor.

10. Indemnification. Licensee hereby agrees to indemnify and save harmless Railway, its officers, directors, agents and employees, from and against any and all liabilities, claims, losses, damages, expenses (including attorneys' fees) or costs for personal injuries (including death) and property damage to whomsoever or whatsoever occurring (hereinafter collectively called "Losses") that arise in any manner from (a) the installation, construction, maintenance, operation, presence or removal of, or the failure to properly install, construct, maintain, operate or remove, the Facilities, or (b) any act, omission or neglect of Licensee, its agents, servants, employees or contractors in connection therewith, unless caused solely by the negligence of Railway or caused solely by the willful misconduct of Railway.

11. Insurance.

(a) Without limiting in any manner the liabilities and obligations assumed by Licensee under any other provision of this Agreement, and as additional protection to Railway, Licensee shall, at its expense, pay the Risk Financing Fee set forth in subparagraph (i) below and shall procure and maintain with insurance companies satisfactory to Railway, the insurance policies described in subparagraphs (ii) and (iii).

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(i) Upon execution of this Agreement, Licensee shall pay Railway a risk financing fee of $1,000.00 per installation (herein called the "Risk Financing Fee") to provide Railroad Protective Liability Insurance or such supplemental insurance (which may be self-insurance) as Railway, in its sole discretion, deems to be necessary or appropriate.

(ii) Prior to the installation of the Facilities, or any subsequent entry by Licensee upon the Premises or other Railway property, Licensee, and each of its contractors, shall at its sole expense procure and maintain for the course of any such installation or entry, a Commercial General Liability Insurance policy having a combined single limit of not less than $1,000,000 for each occurrence, naming Railway as an additional insured and containing products and completed operations and contractual liability coverage;

(iii) Prior to any entry upon the Premises or other Railway property occurring after installation of the Facilities, unless Railway elects to make available and Licensee pays the then current risk financing fee for each affected installation, Licensee, or its contractor, shall at its sole expense procure and maintain during such entry a policy of Railroad Protective Liability Insurance naming Norfolk Southern Railway Company as a named insured and having combined single limits of not less than $2,000,000 for each occurrence and $6,000,000 in the aggregate. Such policy shall be written using Insurance Services Offices Form Numbers CG 00 35 01 07 98 and Pollution Exclusion Amendment Form CG 28 31 07 98.

(b) All insurance required under the preceding subsection (a) shall be underwritten by insurers, and be of such form and content, as may be acceptable to Railway. Evidence of such insurance (a certificate of insurance for the Commercial General Liability Insurance policy and an original Railroad Protective Liability Insurance policy for subsequent entry when Railway does not make available a risk financing fee therefor) shall be furnished to Railway's Director Risk Management, Three Commercial Place, Norfolk, Virginia 23510-2191 for review and approval.

12. Environmental Matters. Licensee assumes all responsibility for any environmental obligations imposed under applicable laws, regulations, ordinances or other requirements of federal, state and local governmental authorities relating to (a) the installation, construction, maintenance, operation or removal of the Facilities, including notification and reporting of any releases, and (b) any contamination of any property, water, air or groundwater arising or resulting, in whole or in part, from Licensee's operation or use of the Premises pursuant to this Agreement. In addition, Licensee shall obtain any necessary permits to install, construct, maintain, operate or remove the Facilities. Licensee agrees to indemnify and hold harmless Railway from and against any and all fines, penalties, demands or other Losses (including attorneys' fees) incurred by Railway or claimed by any person, company or governmental entity relating to (a) any contamination of any property, water, air or groundwater due to the use or presence of the Facilities on the Premises, (b) Licensee's violation of any laws,

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regulations or other requirements of federal, state or local governmental authorities in connection with the use or presence of the Facilities on the Premises or (c) any violation of Licensee's obligations imposed under this paragraph. Without limitation, this indemnity provision shall extend to any cleanup and investigative costs relating to any contamination of the Premises arising or resulting from, in whole or in part, Licensee's use of the Facilities or any other activities by or on behalf of Licensee occurring on or about the Premises. Licensee further agrees not to dispose of any trash, debris or wastes, including hazardous waste, on the Premises and will not conduct any activities on the Premises which would require a hazardous waste treatment, storage or disposal permit.

13. Assignments and Other Transfers.

(a) Licensee shall not assign, transfer, sell, mortgage, encumber, sublease or otherwise convey (whether voluntarily, involuntarily or by operation of law) this Agreement or any interest therein, nor license, mortgage, encumber or otherwise grant to any other person or entity (whether voluntarily, involuntarily or by operation of law) any right or privilege in or to the Premises (or any interest therein), in whole or in part, without the prior written consent of Railway, which consent may be withheld by Railway in its sole discretion. Any such assignment or other transfer made without Railway's prior written consent shall be null and void and, at Railway's option, shall constitute an immediate default of this Agreement. Notwithstanding the foregoing, upon prior written notice to Railway, Licensee may assign this Agreement to a parent, a wholly-owned subsidiary of Licensee or a wholly-owned subsidiary of Licensee's parent without Railway's consent; provided, however, that no such assignment shall relieve Licensee of its obligations under this Agreement.

(b) Railway shall have the right to transfer and assign, in whole or in part, all its rights and obligations hereunder and in or to the Premises. From and after the effective date of any such assignment or transfer, Railway shall be released from any further obligations hereunder; and Licensee shall look solely to such successor-in-interest of Railway for the performance of the obligations of "Railway" hereunder.

14. Meaning of "Railway". The word "Railway" as used herein shall include any other company whose property at the aforesaid location may be leased or operated by Railway. Said term also shall include Railway's officers, directors, agents and employees, and any parent company, subsidiary or affiliate of Railway and their respective officers, directors, agents and employees.

15. Default; Remedies.

(a) The following events shall be deemed to be events of default by Licensee under this Agreement:

(i) Licensee shall fail to pay the Fee or any other sum of money due hereunder and such failure shall continue for a period of ten (10) days after the due date thereof;

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(ii) Licensee shall fail to comply with any provision of this Agreement not requiring the payment of money, all of which terms, provisions and covenants shall be deemed material, and such failure shall continue for a period of thirty (30) days after written notice of such default is delivered to Licensee;

(iii) Licensee shall become insolvent or unable to pay its debts as they become due, or Licensee notifies Railway that it anticipates either condition;

(iv) Licensee takes any action to, or notifies Railway that Licensee intends to file a petition under any section or chapter of the United States Bankruptcy Code, as amended from time to time, or under any similar law or statute of the United States or any State thereof; or a petition shall be filed against Licensee under any such statute; or

(v) a receiver or trustee shall be appointed for Licensee's license interest hereunder or for all or a substantial part of the assets of Licensee, and such receiver or trustee is not dismissed within sixty (60) days of the appointment.

(b) Upon the occurrence of any event or events of default by Licensee, whether enumerated in this paragraph 15 or not, Railway shall have the option to pursue any remedies available to it at law or in equity without any additional notices to Licensee. Railway's remedies shall include, but not be limited to, the following: (i) termination of this Agreement, in which event Licensee shall immediately surrender the Premises to Railway; (ii) entry into or upon the Premises to do whatever Licensee is obligated to do under the terms of this License, in which event Licensee shall reimburse Railway on demand for any expenses which Railway may incur in effecting compliance with Licensee's obligations under this License, but without rendering Railway liable for any damages resulting to Licensee or the Facilities from such action; and (iii) pursuit of all other remedies available to Railway at law or in equity, including, without limitation, injunctive relief of all varieties.

16. Railway Termination Right. Notwithstanding anything to the contrary in this Agreement, Railway shall have the right to terminate this Agreement and the rights granted hereunder, after delivering to Licensee written notice of such termination no less than sixty (60) days prior to the effective date thereof, upon the occurrence of any one or more of the following events:

(a) If Licensee shall discontinue the use or operations of the Facilities; or

(b) If Railway shall be required by any governmental authority having jurisdiction over the Premises to remove, relocate, reconstruct or discontinue operation of its railroad on or about the Premises; or

(c) If Railway, in the good faith judgment of its Superintendent, shall require a change in the location or elevation of its railroad on or about the location of the Facilities or the Premises that might effectively prohibit the use or operation of the Facilities; or

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(d) If Railway, in the good faith judgment of its Superintendent, determines that the maintenance or use of the Facilities unduly interferes with the operation and maintenance of the facilities of Railway, or with the present or future use of such property by Railway, its lessees, affiliates, successors or assigns, for their respective purposes.

17. Condemnation. If the Premises or any portion thereof shall be taken or condemned in whole or in part for public purposes, or sold in lieu of condemnation, then this Agreement and the rights granted to Licensee hereunder shall, at the sole option of Railway, forthwith cease and terminate. All compensation awarded for any taking (or sale proceeds in lieu thereof) shall be the property of Railway, and Licensee shall have no claim thereto, the same being hereby expressly waived by Licensee.

18. Removal of Facilities; Survival. The Facilities are and shall remain the personal property of Licensee. Upon the expiration or termination of this Agreement, Licensee shall remove the Facilities from the Premises within thirty (30) days after the effective date thereof. In performing such removal, unless otherwise directed by Railway, Licensee shall restore the Premises to the same condition as existed prior to the installation or placement of Facilities, reasonable wear and tear excepted. In the event Licensee shall fail to so remove the Facilities or restore the Premises, the Facilities shall be deemed to have been abandoned by Licensee, and the same shall become the property of Railway for Railway to use, remove, destroy or otherwise dispose of at its discretion and without responsibility for accounting to Licensee therefor; provided, however, in the event Railway elects to remove the Facilities, Railway, in addition to any other legal remedy it may have, shall have the right to recover from Licensee all costs incurred in connection with such removal and the restoration of the Premises. Notwithstanding anything to the contrary contained in this Agreement, the expiration or termination of this Agreement, whether by lapse of time or otherwise, shall not relieve Licensee from Licensee's obligations accruing prior to the expiration or termination date, and such obligations shall survive any such expiration or other termination of this Agreement.

19. Entire Agreement. This Agreement contains the entire agreement of Railway and Licensee and supersedes any prior understanding or agreement between Railway and Licensee respecting the subject matter hereof; and no representations, warranties, inducements, promises or agreements, oral or otherwise, between the parties not embodied in this Agreement shall be of any force or effect.

20. Attorneys' Fees. If Railway should bring any action under this Agreement, or consult or place the Agreement or any amount payable by Licensee hereunder, with an attorney concerning or for the enforcement of any of Railway's rights hereunder, then Licensee agrees in each and any such case to pay to Railway all costs, including but not limited to court costs and attorneys' fees, incurred in connection therewith.

21. Severability. If any clause or provision of this Agreement is illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, then and in that event, it is the intention of the parties hereto that the remainder of this Agreement shall

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Form MM-109
Rev. 05-19-05

PERMIT NO. 0-10-0253

PERMIT TO ENTER UPON, UNDER, OVER OR ACROSS THE STATE ROADS OF THE STATE OF WEST VIRGINIA, AS PROVIDED FOR IN SECTION 6, ARTICLE 16, CHAPTER 17; SECTION 9, ARTICLE 16, CHAPTER 17; SECTION 8, ARTICLE 4, CHAPTER 17, WEST VIRGINIA CODE, 1931, AS AMENDED.

THIS PERMIT, Made this 10th day of May 20 10, between the WEST VIRGINIA DEPARTMENT OF TRANSPORTATION, DIVISION OF HIGHWAYS, a statutory corporation hereinafter called DIVISION and Oakvale Road Public Service District

Address: P.O. Box 1061 Princeton, WV 24740 Phone No: (304) 487-2750

hereinafter called APPLICANT.

WITNESSETH

In consideration of the hereinafter set out covenants and in accordance with Section 6, Article 16, Chapter 17; or Section 9, Article 16, Chapter 17; or Section 8, Article 4, Chapter 17, of the Official Code of West Virginia, 1931, as amended, and the rules and regulations promulgated thereunder, APPLICANT does hereby apply to enter

Route Type & No. *See attached D.O.H. Tally* DOH Project No. _____ (if applicable);

at Oakvale and surrounding areas Mile Post _____

in Mercer County, for the purposes hereinafter set forth and in accordance with the plans and specifications which are attached hereto and made a part hereof: Installation of potable waterlines, services, and appurtenances as part of the Mercer/Summers Waterline Phase IV-A project. This application covers the area for Contract 1.

APPLICANT further agrees to accept the conditions hereinafter set forth:

1. APPLICANT shall deposit with DIVISION the sum of $ 100,000 in the form of an official, certified or cashier's check, or executed bond with surety satisfactory to DIVISION to cover any damage and inspection costs DIVISION may sustain by reason of the granting of this permit, including any expense incurred in restoring said highway to its original condition or the proper repair of any and all damages that may result within one (1) year from the date of the completion of said work.

2. APPLICANT agrees to reimburse DIVISION for inspection costs as follows:
   - ☐ A. For any inspection costs incurred under this permit.
   - ☒ B. At $ 0.43 per linear foot for 19,996 feet of water line installed under this permit
   - ☐ C. At $ _____ per linear foot for _____ feet of sewer line installed under this permit

3. APPLICANT shall notify DIVISION at least 48 hours in advance of the date the work will begin. Failure to comply will be cause for cancellation of this permit.

4. APPLICANT agrees to protect its employees, equipment and users of the highway at all times in accordance with the current Division of Highways manual "Traffic Control For Street and Highway Construction and Maintenance Operations".

5. APPLICANT agrees to comply with all applicable state and federal laws in the performance of work under this permit.

6. Supplementary conditions cited on the reverse side of this permit are understood and agreed to be a part hereof.

7. The work authorized under this permit shall be completed on or before (Date): 12-1-11

Applicant's signature on this permit affirms that all text herein is a verbatim reproduction of The West Virginia Division of Highways Encroachment Permit Form MM-109, revision date May 19, 2005. All attachments are inclusive to this permit.

RECOMMENDED:
Edward L. Conner
Title District Utilities Supervisor

Pamela A Brown
Signature and Title of Applicant

BOND REQUIREMENT:
BOND NO. _____ DATE _____
Attached ☐ On File ☐
INSPECTION: Owner/Consultant ☐
Full Time ☐ Part Time ☐
Periodic ☐ Reimbursable ☒ No Cost ☐

APPROVED:
Alan Reed
Title Assistant District Engineer
West Virginia Division of Highways

AUTHORIZATION NO: PW5633R

PERMIT NO: 0-10-0253

DEPARTMENT OF THE ARMY
HUNTINGTON DISTRICT, CORPS OF ENGINEERS
502 EIGHTH STREET
HUNTINGTON, WEST VIRGINIA 25701-2070

REPLY TO
ATTENTION OF

SEP 14 2010

Operations and Readiness Division
Regulatory Branch
East River and Tributaries
2010-575 NEW – Utility Crossings
Section 10 – New River

Ms. Pamela Browning
Oakvale Road Public Service District
P.O. Box 1061 Athens Road
Princeton, West Virginia 24740

Dear Ms. Browning:

I refer to an application and information received in this office on July 7, 2010, with additional information received on July 29, 2010, submitted on your behalf by Stafford Consultants Incorporated. You are requesting authorization to install 43 water line crossings consisting of three crossings of the East River, one crossing of an unnamed tributary to the East River, ten crossings of Fivemile Creek, ten crossings of unnamed tributaries to Fivemile Creek, two crossing of Payne Branch, four crossings of unnamed tributaries to Payne Branch, two crossings of Hales Branch, five crossings of unnamed tributaries to Hales Branch and six crossings of unnamed tributaries to Twelvemile Creek. The crossings would be in tributaries of the New River, a Section 10 (navigable) water of the United States (U.S.). The proposed project would be located near the communities of Oakvale, in Mercer County, West Virginia.

The Corps of Engineers authority to regulate waters of the U.S. is based on the definitions and limits of jurisdiction contained in 33 CFR 328 and 33 CFR 329. Section 404 of the Clean Water Act requires that a Department of the Army (DA) permit be obtained prior to placing dredged or fill material into waters of the U.S., including wetlands. Section 10 of the Rivers and Harbors Act of 1899 requires that a DA permit be obtained for any work in, on, over or under a navigable water.

To the extent that the Corps has jurisdiction over the discharge of dredged or fill material associated with the water line crossings, the proposed project meets the criteria for Nationwide Permit # 12 under the March 19, 2007, Federal Register, Issuance of Nationwide Permits (72 FR 11092) provided you comply with all terms and conditions of the enclosed material.

All of the existing NWPs are scheduled to be modified, reissued, or revoked prior to March 18, 2012. It is incumbent upon you to remain informed of changes to the NWPs. We will issue a public notice when the NWPs are reissued. Furthermore, if you

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commence or are under contract to commence this activity before the date that the relevant nationwide permit is modified or revoked, you will have twelve (12) months from the date of the modification or revocation of the NWP to complete the activity under the present terms and conditions of this nationwide permit.

It is your responsibility to ensure all work conforms to all terms and conditions listed in the enclosed material for this authorization to be valid. Likewise, it is also your responsibility to ensure the authorized activity does not cause more than minimal changes to the hydraulic flow characteristics, increase flooding, or cause more than minimal degradation of water quality of any stream (see General Conditions 9 and 21 of the enclosed Nationwide Permits).

Please be aware this correspondence does not obviate the requirement to obtain state or local assent required by law for the activity. If you have any questions, please contact Richard Hemann of the South Regulatory Section at 304-399-5710.

Sincerely,

for Michael E. Hatten

LuAnne S. Conley, P.E.
Chief, South/Transportation Section

Enclosures

Copies Furnished:

Mr. Lyle Bennett
WV Department of Environmental Protection
601 57th Street
Charleston, West Virginia 25304

Mr. Roger Anderson
WV Division of Natural Resources
P. O. Box 67
Elkins, West Virginia 26241

Mr. Stacy A. Fowler
Stafford Consultants Incorporated
P.O. Box 5849
Princeton, West Virginia 24740

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
Division of Highways
Office of the District Engineer/Manager
District Ten
270 Hardwood Lane - Princeton, West Virginia 24740 - (304) 487-5228

January 25, 2011

Ms. Pamela Browning, General Manager
Oakvale Road Public Service District
Post Office Box 1061
Princeton, West Virginia 24740

Dear Ms. Browning:

Permit No. 0-10-0253
Install Water Line
Various Routes, Mercer County

Returned herewith is your approved permit application to install of potable waterlines, services, and appurtenances as part of the Mercer/Summers Waterline Phase IV-A for Contract 1 on various routes at Oakvale in Mercer County.

The Division of Highways will require surety in the amount of $100,000.00 (one hundred thousand dollars), to satisfy condition number 1 of the permit applications. We will not require you to provide the surety until after you award your contract(s) and at a reasonable time prior to the commencement of the work authorized within State Rights of Ways. Failure to provide the proper surety prior to the commencement of any work within State Right of Ways will result in the immediate cancellation of this permit.

Payment of the inspection fee due the Division is due 60 days after construction begins in accordance with the instructions on Form BF-125, attached to this letter.

The District Ten Office has recently established a policy requiring that both the person assigned the responsibility to inspect the work authorized by the permit and the County Supervisor need to be notified of your work schedule. Please contact both Mr. Gerrall Conner, District Utilities Supervisor, and Mr. Mike McMillion, Mercer County Supervisor, forty-eight hours prior to the commencement of the work authorized by this permit in order that the Division may arrange to

inspect the work in progress. You may contact Mr. Conner at 487-5291 at the District Headquarters in Gardner and you may contact Mr. McMillion at the Mercer County Headquarters in Princeton at 304-425-2782. Please give these persons your schedule, location of the work, and approved permit number. Failure to comply will be cause for cancellation of the permit.

Very truly yours,
ORIGINAL SIGNED BY:
Alan Reed

D. Alan Reed, P.E.
Assistant District Engineer
(Maintenance)

DAR:g
Enclosure
cc: Mr. Gerrall Conner
Mr. Mike McMillion
Mr. Edward Shutt
bcc: File
T-File - 01-10-12

Responsibility for inspection and final report Const. Div., Utilities Section. Permit expires 12-1-2011. Report due in Maintenance Engineer's Office on or before 12-10-2011.

not be affected thereby; and it is also the intention of the parties to this Agreement that in lieu of each clause or provision of this Agreement that is illegal, invalid or unenforceable, there be added as a part of this Agreement a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

22. Modifications; Waiver; Successors and Assigns. This Agreement may not be altered, changed or amended, except by instrument in writing signed by both parties hereto. No provision of this Agreement shall be deemed to have been waived by Railway unless such waiver shall be in a writing signed by Railway and addressed to Licensee, nor shall any custom or practice that may evolve between the parties in the administration of the terms hereof be construed to waive or lessen the right of Railway to insist upon the performance by Licensee in strict accordance with the terms hereof. The terms and conditions contained in this Agreement shall apply to, inure to the benefit of, and be binding upon the parties hereto, and upon their respective successors in interest and legal representatives, except as otherwise herein expressly provided. If there shall be more than one Licensee, the obligations hereunder imposed upon Licensee shall be joint and several.

23. Notice. Any and all other notices, demands or requests by or from Railway to Licensee, or Licensee to Railway, shall be in writing and shall be sent by (a) postage paid, certified mail, return receipt requested, or (b) a reputable national overnight courier service with receipt therefor, or (c) personal delivery, and addressed in each case as follows:

If to Railway:
c/o Norfolk Southern Corporation
1200 Peachtree Street, NE - 12th Floor
Atlanta, Georgia 30309-3504
Attention: Director Real Estate

If to Licensee:
Oakvale Road PSD
P.O. Box 1061
Princeton, West Virginia 24740

Either party may, by notice in writing, direct that future notices or demands be sent to a different address. All notices hereunder shall be deemed given upon receipt (or, if rejected, upon rejection).

24. Miscellaneous. All exhibits, attachments, riders and addenda referred to in this License are incorporated into this Agreement and made a part hereof for all intents and purposes. Time is of the essence with regard to each provision of this Agreement. This Agreement shall be construed and interpreted in accordance with and governed by the laws of the State in which the Premises are located. Each covenant of Railway and Licensee under this Agreement is independent of each other covenant under this Agreement. No default in performance of any covenant by a party shall excuse the other party from the performance of any other covenant. The provisions of Paragraphs 7, 9, 10, 12 and 18 shall survive the expiration or earlier termination of this Agreement.

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25. Limitations of Grant. Licensee acknowledges that the license granted hereunder is a quitclaim grant, made without covenants, representations or warranties with respect to Railway's (a) right to make the grant, (b) title in the Premises, or (c) right to use or make available to others the Premises for the purposes contemplated herein. Railway is the owner and/or holder of the Premises subject to the terms and limitations under which it is owned or held, including without limitation conditions, covenants, restrictions, easements (including any pre-existing fiber optic easements or licenses), encroachments, leases, licenses, permits, mortgages, indentures, reversionary interests, fee interests, zoning restrictions and other burdens and limitations, of record and not of record, and to rights of tenants and licensees in possession, and Licensee agrees that the rights licensed hereunder are subject and subordinate to each and all of the foregoing. Licensee accepts this grant knowing that others may claim that Railway has no right to make it, and Licensee agrees to release, hold harmless and indemnify (and, at Railway's election, defend, at Licensee's sole expense, with counsel approved by Railway) Railway, its affiliated companies, and its and their respective officers, directors, agents and employees, from and against any detriments to, or liabilities of, any type or nature arising from such claims, including punitive damages and any forfeitures declared or occurring as a result of this grant.

26. Limitations Upon Damages. Notwithstanding any other provision of this Agreement, Railway shall not be liable for breach of this Agreement or under this Agreement for any consequential, incidental, exemplary, punitive, special, business damages or lost profits, as well as any claims for death, personal injury, and property loss and damage which occurs by reason of, or arises out of, or is incidental to the interruption in or usage of the Facilities placed upon or about the Premises by Licensee, including without limitation any damages under such claims that might be considered consequential, incidental, exemplary, punitive, special, business damages or loss profits.

[Remainder of page intentionally left blank]

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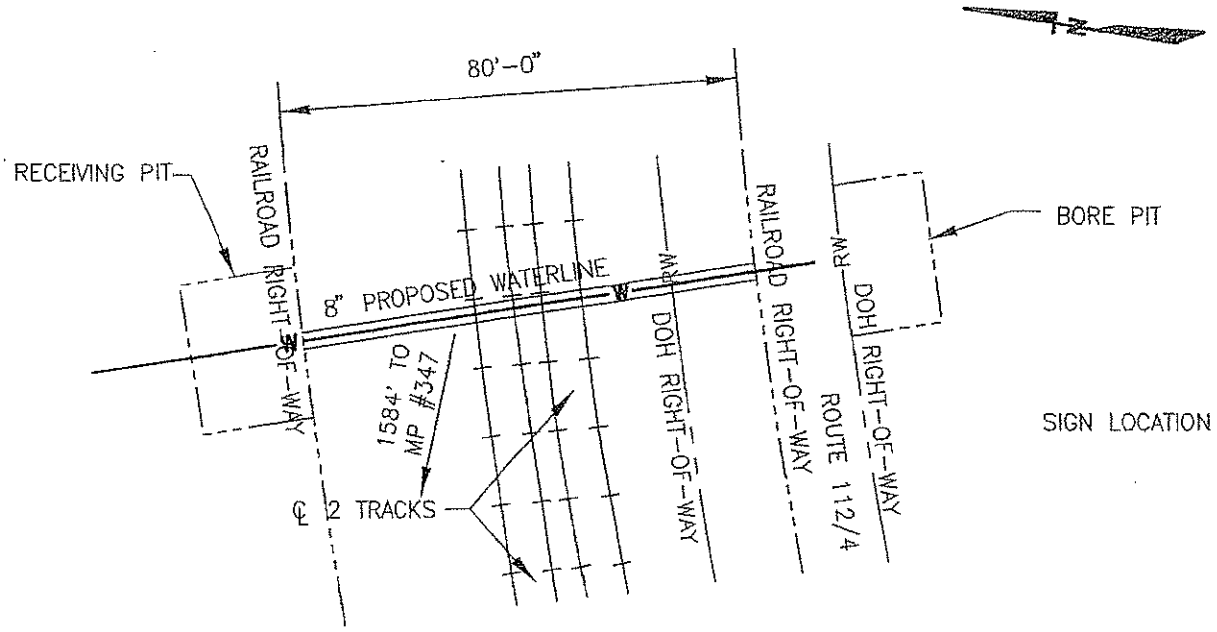
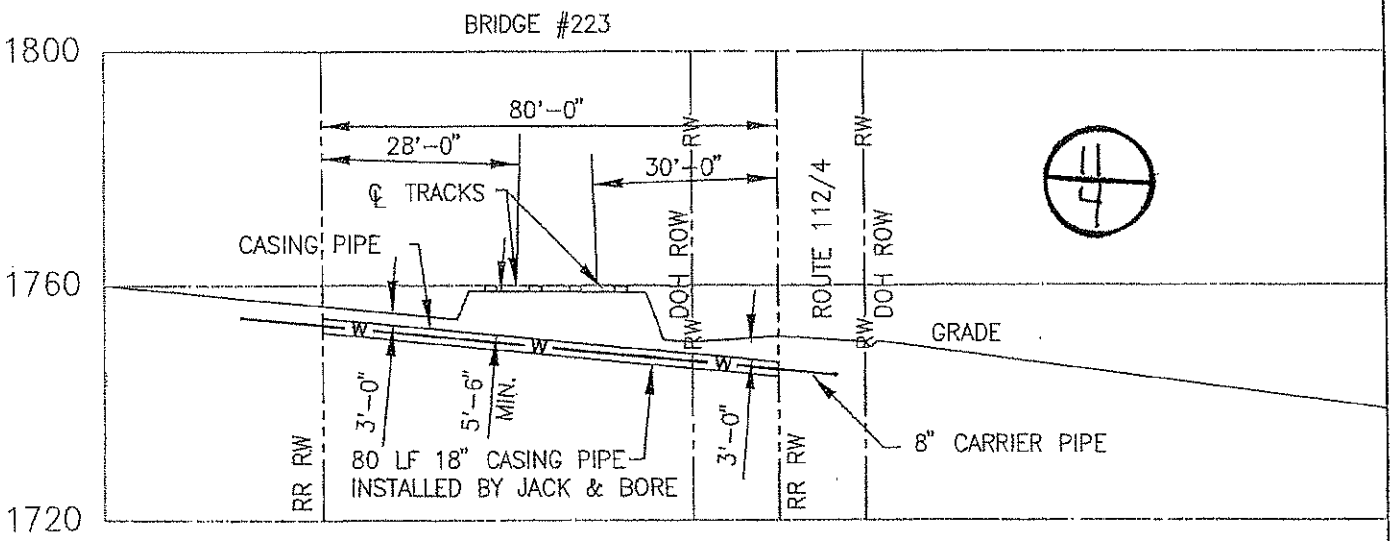


PLAN VIEW
SCALE: 1"=30'-0"

All work done in accordance with the latest approved Northern Southern NSCE-4 and NSCE-8 Specifications.



PROFILE VIEW
SCALE: 1"=30'-0"

USGS OAKVALE QUAD
SHEET 29

STAFFORD CONSULTANTS INCORPORATED
ENGINEERING DESIGN AND CONSULTING
PRINCETON, WEST VIRGINIA

RAILROAD CROSSING NO. 2

OAKVALE ROAD PSD
MERCER/SUMMERS PHASE IVA
MERCER COUNTY, WV

DWN. BY:	RKK
DATE:	9-10
SCALE:	SHOWN
DWG. NO.	2
JOB NO.	08-7218.11

S:\PROJECTS\7128 - SE MERCER-4A\PHASE 4A-7128\05-4A-BASEMAP-RW.dwg, 9/24/2010 11:52:59 AM, RKK, 1:110

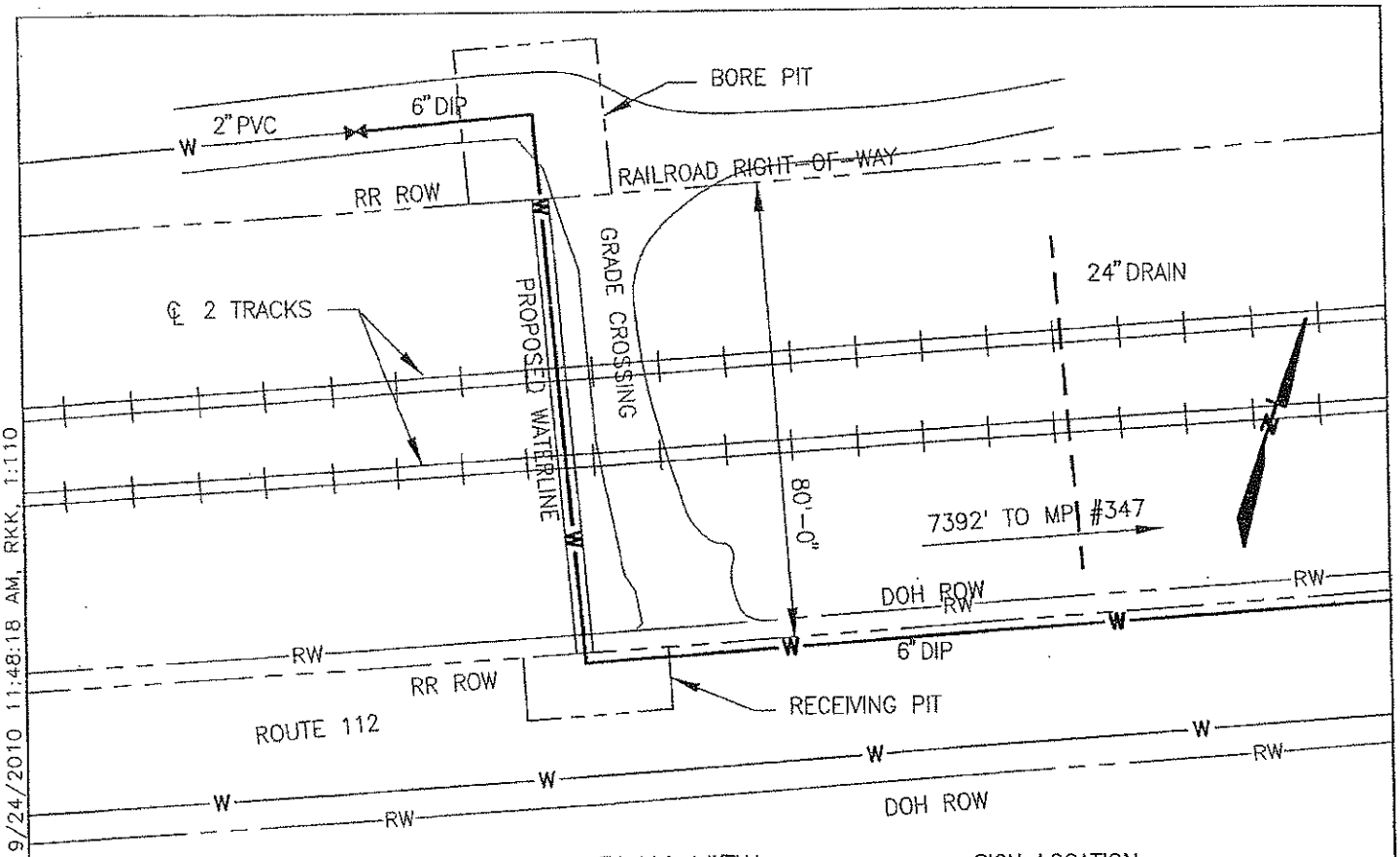
PLATE I

PIPE DATA SHEET

(For crossings and longitudinal occupancy)

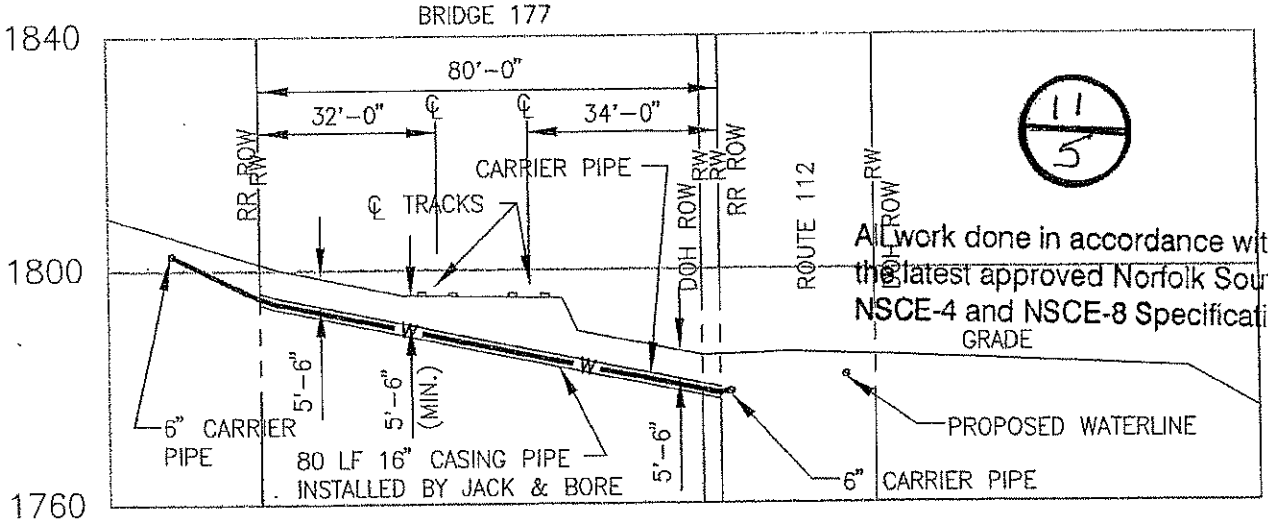
CROSSING NO. 2	PIPE DATA	
	CARRIER PIPE	CASING PIPE
CONTENTS TO BE HANDLED	Potable Water	Carrier Pipe
NORMAL OPERATING PRESSURE	202 psi	atmospheric
NOMINAL SIZE OF PIPE	8"	18" min.
OUTSIDE DIAMETER	9.05"	18"
INSIDE DIAMETER	8.51"	17.376"
WALL THICKNESS	.27"	.312
WEIGHT PER FOOT	23.7 lb	59.03 lb
MATERIAL	ductile iron	steel
PROCESS OF MANUFACTURE	cast	electric resistance weld
SPECIFICATION	AWWA C151	ASTM 139 B
GRADE OR CLASS	CL 50	sch 20
TEST PRESSURE	350 PSI	35,000 min. yield
TYPE OF JOINT	Bell & Spigot	welded
TYPE OF COATING	Bituminous	bare
DETAILS OF CATHODIC PROTECTION	N/A	N/A
DETAILS OF SEALS OR PROTECTION AT ENDS OF CASING	Yes	Yes
METHOD OF INSTALLATION	insertion thru casing w/ spacers	Bore & Jack
CHARACTER OF SUBSURFACE MATERIAL AT THE CROSSING LOCATION	Unknown	Unknown
APPROXIMATE GROUND WATER LEVEL	Unknown	Unknown
SOURCE OF INFORMATION ON SUBSURFACE CONDITIONS (BORINGS, TEST PITS OR OTHER)	Site Observation	Site Observation

NOTE: Any soil investigation made on railroad property or adjacent to tracks shall be carried on under the supervision of Conrail's Chief Engineer. (See Section 1.4)



PLAN VIEW
SCALE: 1"=30'-0"

SIGN LOCATION



PROFILE VIEW
SCALE: 1"=30'-0"

11/5

All work done in accordance with the latest approved Norfolk Southern NSCE-4 and NSCE-8 Specifications.

USGS OAKVALE QUAD
SHEET 32

S:\PROJECTS\7128 - SE MERCER-4A\PHASE 4A-7128\05-4A-BASEMAP-RW.dwg, 9/24/2010 11:48:18 AM, RKK, 1:110

STAFFORD CONSULTANTS INCORPORATED
ENGINEERING DESIGN AND CONSULTING
PRINCETON, WEST VIRGINIA

RAILROAD CROSSING NO. 3

OAKVALE ROAD PSD
MERCER/SUMMERS PHASE IVA
MERCER COUNTY, WV

DWN. BY:	RKK
DATE:	9-10
SCALE:	SHOWN
DWG. NO.	3
JOB NO.	08-7218.11

PLATE I

PIPE DATA SHEET
(For crossings and longitudinal occupancy)

CROSSING NO. 3	PIPE DATA	
	CARRIER PIPE	CASING PIPE
CONTENTS TO BE HANDLED	Potable Water	Carrier Pipe
NORMAL OPERATING PRESSURE	156 psi	atmospheric
NOMINAL SIZE OF PIPE	6"	16" min.
OUTSIDE DIAMETER	6.90"	16"
INSIDE DIAMETER	6.4"	15.438"
WALL THICKNESS	.25"	.281
WEIGHT PER FOOT	16 lb	52.36 lb.
MATERIAL	ductile iron	steel
PROCESS OF MANUFACTURE	cast	electric resistance weld
SPECIFICATION	AWWA C151	ASTM 139 B
GRADE OR CLASS	CL 50	sch 20
TEST PRESSURE	350 PSI	35,000 min. yield
TYPE OF JOINT	Bell & Spigot	welded
TYPE OF COATING	Bituminous	bare
DETAILS OF CATHODIC PROTECTION	N/A	N/A
DETAILS OF SEALS OR PROTECTION AT ENDS OF CASING	Yes	Yes
METHOD OF INSTALLATION	insertion thru casing w/ spacers	Bore & Jack
CHARACTER OF SUBSURFACE MATERIAL AT THE CROSSING LOCATION	Unknown	Unknown
APPROXIMATE GROUND WATER LEVEL	Unknown	Unknown
SOURCE OF INFORMATION ON SUBSURFACE CONDITIONS (BORINGS, TEST PITS OR OTHER)	Site Observation	Site Observation

NOTE: Any soil investigation made on railroad property or adjacent to tracks shall be carried on under the supervision of Conrail's Chief Engineer. (See Section 1.4)

AECOM
1700 Market Street
Suite 1600
Philadelphia, PA 19103
www.aecom.com

215 735 0832 tel
215 735 0883 fax

RECEIVED
OCT 15 2010
STAFFORD CONSULTANTS

October 13, 2010

Stacy A. Fowler
Sanitary Engineer
Stafford Consultants, Inc.
P.O. Box 5849
Princeton, West Virginia 24740

SUBJECT: Oakvale, Mercer County, West Virginia
Milepost V-329.35, Kellysville-Elmore Line, Pocahontas Division

Norfolk Southern Activity No. 1150479
Proposed installation of an 8-inch ductile iron water pipe in an 18-inch steel pipe within the limits of Route 35 under a Railroad Bridge

Dear Mr. Fowler:

This is in reply to your project for Oakvale PSD regarding the proposed construction of the subject project.

Enclosed are two original counterparts of the Public Right of Way Acknowledgment Form for signature on behalf of Oakvale Road PSD. Please return to **this AECOM office** the following:

- Two original Acknowledgment Form counterparts signed and dated.
- A check in the amount of $1,000 (payable to **Norfolk Southern Railway Company**) to cover the insurance fee
- The Certificate of Commercial General Liability Insurance as required in item 1 under Insurance in the Acknowledgment Form – attached is a sample CGL certificate; in order to avoid delay to your project, please ensure the certificate is completed exactly as indicated on the sample, including:
  - Description of operations must state "**Norfolk Southern Railway Company is included as additional insured – Activity Number 1150479**
  - Certificate Holder in the name of
    Norfolk Southern Railway Company
    Director Risk Management
    Three Commercial Place
    Norfolk, VA 23510

No work on Norfolk Southern property is authorized until you are in receipt of a fully executed Acknowledgment Form and instructions are obtained from Railway's designated construction representative. The contact information for Railway's construction representative(s) will be provided upon return of the fully executed counterpart.

The terms and conditions of this Acknowledgment Form shall be valid for 60 calendar days after the date of this letter. If you are unable to execute the Acknowledgment Form within this 60 calendar day time frame, please advise this office in writing of your intent. This activity will be automatically cancelled in 60 calendar days if the Form is not executed, or we do not receive your request for a time extension. Reactivation of cancelled activities may require a new application along with appropriate application fees, and license agreements will be re-drafted in accordance with then current Norfolk Southern terms and conditions.

Very truly yours,

James S. McKay
Contract Administrator
(215) 789-2159
james.mckay@aecom.com

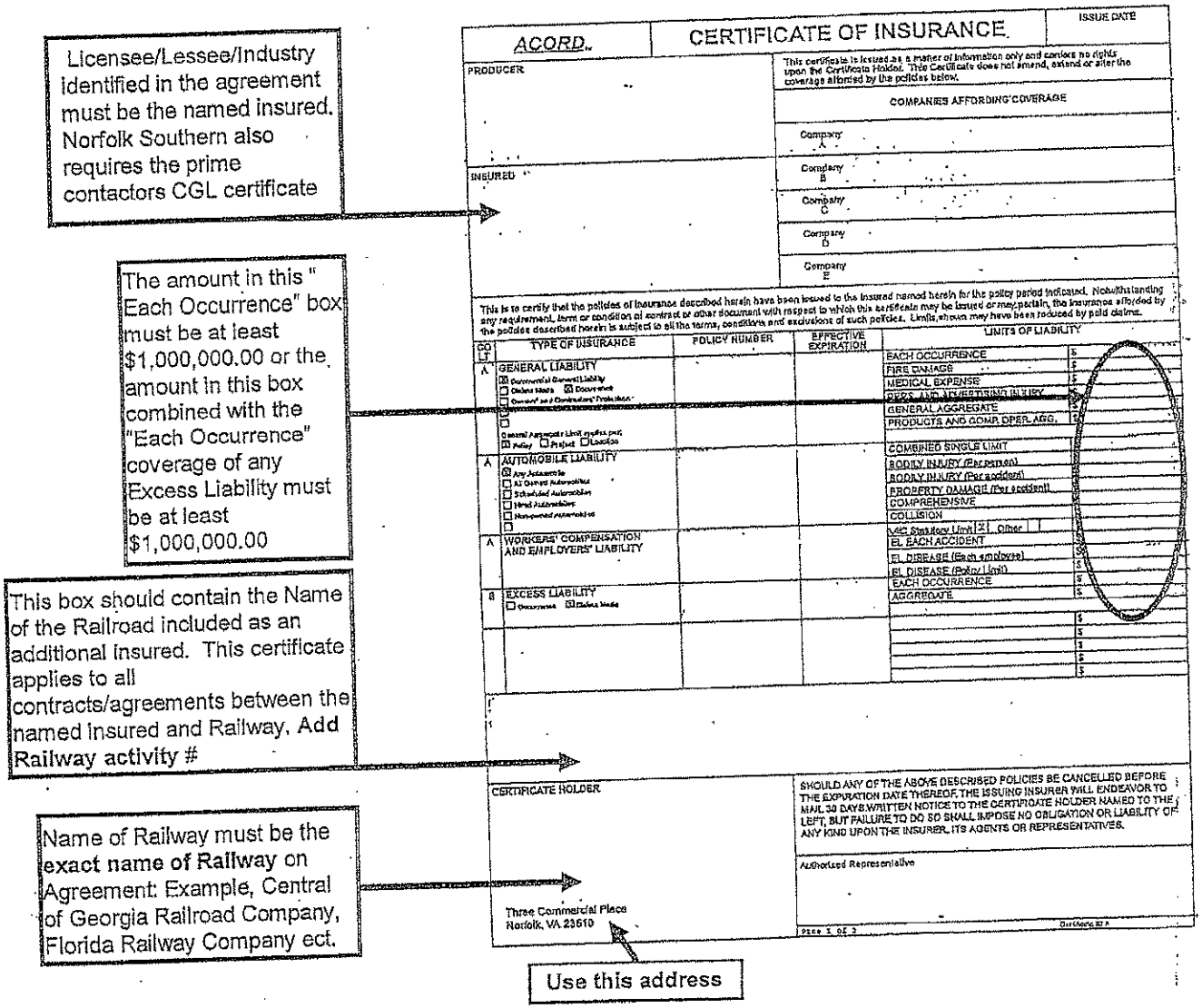
Sample CGL Certificate

Licensee/Lessee/Industry identified in the agreement must be the named insured. Norfolk Southern also requires the prime contactors CGL certificate

The amount in this " Each Occurrence" box must be at least $1,000,000.00 or the amount in this box combined with the "Each Occurrence" coverage of any Excess Liability must be at least $1,000,000.00

This box should contain the Name of the Railroad included as an additional insured. This certificate applies to all contracts/agreements between the named insured and Railway. Add Railway activity #

Name of Railway must be the **exact name of Railway** on Agreement: Example, Central of Georgia Railroad Company, Florida Railway Company ect.


ACORD. CERTIFICATE OF INSURANCE

ISSUE DATE

PRODUCER

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.

COMPANIES AFFORDING COVERAGE

Company A

INSURED

Company B

Company C

Company D

Company E

This is to certify that the policies of insurance described herein have been issued to the insured named herein for the policy period indicated. Notwithstanding any requirement, term or condition of 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, conditions and exclusions of such policies. Limits shown may have been reduced by paid claims.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	EFFECTIVE EXPIRATION	LIMITS OF LIABILITY
A	GENERAL LIABILITY			EACH OCCURRENCE $
				FIRE DAMAGE $
				MEDICAL EXPENSE $
				PERS. AND ADVERTISING INJURY $
				GENERAL AGGREGATE $
				PRODUCTS AND COMP OPER. AGG. $
A	AUTOMOBILE LIABILITY			COMBINED SINGLE LIMIT $
				BODILY INJURY (Per person) $
				BODILY INJURY (Per accident) $
				PROPERTY DAMAGE (Per accident) $
				COMPREHENSIVE $
				COLLISION $
A	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY			WC Statutory Limit ☐ Other
				EL EACH ACCIDENT $
				EL DISEASE (Each employee) $
				EL DISEASE (Policy Limit) $
B	EXCESS LIABILITY			EACH OCCURRENCE $
				AGGREGATE $

CERTIFICATE HOLDER

Three Commercial Place
Norfolk, VA 23510

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

Authorized Representative

Page 1 of 2

Use this address

NORFOLK SOUTHERN RAILWAY COMPANY

ACKNOWLEDGMENT FORM FOR WIRE AND/OR PIPE OCCUPATION WITHIN THE LIMITS OF A PUBLIC RIGHT OF WAY.

APPLICANT: Oakvale Road PSD
P.O. Box 1061
Princeton, West Virginia 24740

SUBJECT: Oakvale, Mercer County, West Virginia
Milepost V-329.35, Kellysville-Elmore Line, Pocahontas Division

Norfolk Southern Activity No. 1150479
Proposed installation of an 8-inch ductile iron water pipe in an 18-inch steel pipe within the limits of Route 35 under a Railroad Bridge

In response to Applicant's submittal dated January 20, 2010 regarding the proposed construction of the subject project, Norfolk Southern Railway Company ("Railway") does not object to the installation of the Facilities as shown on the attached Drawing No. 1, crossing # 1, dated September, 2010 and Pipe Data Sheet, provided Applicant adheres to the following terms and conditions:

- The Facilities shall be installed, maintained, repaired and renewed by and at the sole risk, cost and expense of the Applicant.
- The Facilities must conform with all Federal, State and local laws, rules and regulations and will not be attached to any railroad structure or appurtenance and will not be located on any private property of Railway.
- INSURANCE:

  1) General Liability Insurance

  Prior to the start of work, Applicant or its contractor must furnish a certificate of insurance stating that **general liability insurance** with a combined single limit of not less than $1,000,000 for each occurrence is maintained. This certificate should name Norfolk Southern Railway Company as an additional insured.

  2) Railroad Protective Liability Insurance

  Applicant or its contractor shall pay Norfolk Southern Railway Company a Risk Financing Fee of $1,000.00 for the addition of the subject project to Railway's Master RR Protective Liability Insurance Policy.

  Prior to any entry upon the premises at the subject location or other Railway property occurring after the initial installation of the Facilities, unless Railway elects to make available and Applicant pays the then current Risk Financing Fee for each affected installation, Applicant, or its contractor, shall at its sole expense procure and maintain during such entry a policy of Railroad Protective Liability Insurance naming Norfolk Southern Railway Company as a named insured and having combined single limits of not less than $2,000,000 for each occurrence and $6,000,000 in the aggregate. Such policy shall be written using Insurance Services Offices Form Numbers CG 00 35 01 07 98 and Pollution Exclusion Amendment Form CG 28 31 07 98.

T

3) Certificate for General Liability Insurance and the original policy for Railroad Protective Liability Insurance should be furnished to:

Director – Risk Management
Norfolk Southern Corporation
Three Commercial Place, Norfolk, VA 23510
Telephone: (757) 629-2364
Fax: (757) 629-2361

- Prior to the start of work, to arrange for protection and inspection, Applicant is required to give at least 72 hours advance notice to the representatives at Railway's Division Office.
- If Railway deems it advisable during the progress of any work of construction, maintenance, repairs and renewals, alterations, adjustments or removal of the Applicant's Facilities to place watchmen, flagmen, inspectors or any other employees deemed necessary by Railway for the protection of its train traffic and the protection of the property owned or in possession or control of Railway, or its employees, patrons, or licensees, Railway shall have the right to do so and Applicant agrees to bear full cost and expense thereof and to promptly reimburse Railway upon demand.
- All cost or expense resulting from any and all loss of life or property, or injury or damage to the person or property of any person, firm or corporation (including the parties hereto and their respective officers, agents and employees) and any and all claims, demands or actions for such loss, injury or damage, caused by or growing out of the presence or use, or the construction, maintenance, renewal, change or relocation and subsequent removal of the Facilities and appurtenances herein referred to shall be borne by Applicant unless caused solely by the negligence or willful misconduct of Railway.
- In the event of any revision, renewal, addition, removal or alteration of said facilities, prior approval of the Railway must be secured. Applicant must also furnish Railroad Protective Liability Insurance for this work.
- Upon abandonment of the Facilities by Applicant, Applicant shall seek direction from Railway's Chief Engineer, or his representative, regarding the method of abandonment if the Facilities will be abandoned in place.
- In the event the Facilities consist of electrical power or communication wires and appurtenances, Applicant shall promptly remedy any inductive interference growing out of, or resulting from the presence of, the Facilities.
- All rights and obligations conferred hereby shall extend to the successors and assigns of the parties hereto, provided that the Applicant shall in no event transfer or assign its rights hereunder without the written consent of Railway, which will not be unreasonably withheld.
- If the public road is abandoned by the appropriate governmental authority and the Facilities remain within the limits of Railway's right of way after such abandonment, as a condition for the continuing presence of the Facilities within Railway's right of way, Railway and Applicant shall agree upon an appropriate occupancy fee or rental for the Facilities and execute an amendment to this Agreement within ninety (90) days after the date upon which such public road is abandoned.
- Any and all notices, demands or requests by or from Railway to Applicant, or Applicant to Railway, shall be in writing and shall be sent by (a) postage paid, certified mail, return receipt requested, or (b) a reputable national overnight courier service with receipt therefore, or (c) personal delivery, and addressed in each case as follows:

If to Railway: c/o Norfolk Southern Corporation
1200 Peachtree Street, NE - 12th Floor
Atlanta, Georgia 30309-3504
Attention: Director Real Estate

If to Applicant: Oakvale Road PSD
P.O. Box 1061
Princeton, West Virginia 24740

Either party may, by notice in writing, direct that future notices or demands be sent to a different address. All notices hereunder shall be deemed given upon receipt (or, if rejected, upon rejection).

ACCEPTED BY:

NORFOLK SOUTHERN RAILWAY COMPANY

_____ DATE _____

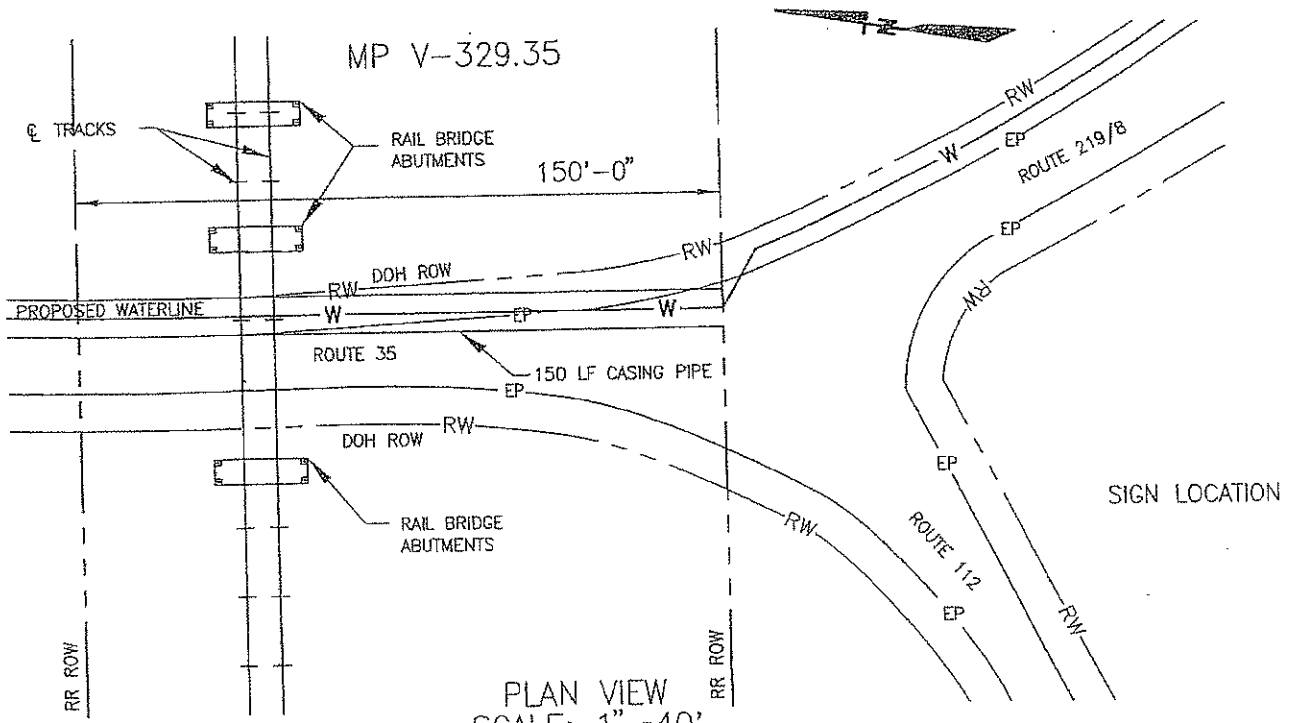
Real Estate Manager

OAKVALE ROAD PSD

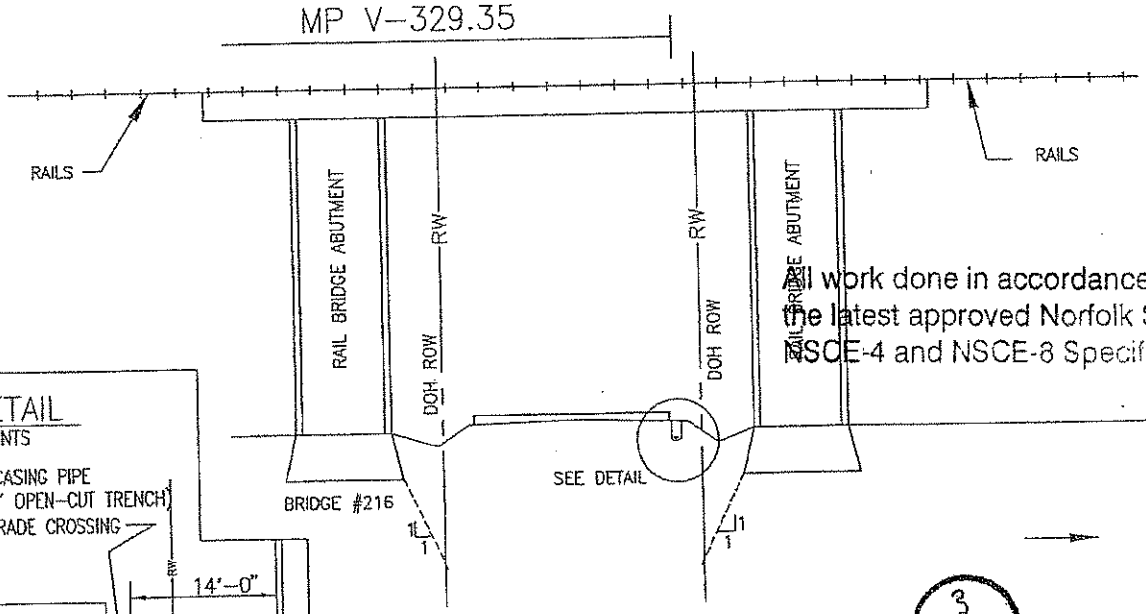
_____ DATE _____

Title _____

JSM: October 12, 2010
Activity Number 1150479
File No. 562690v1

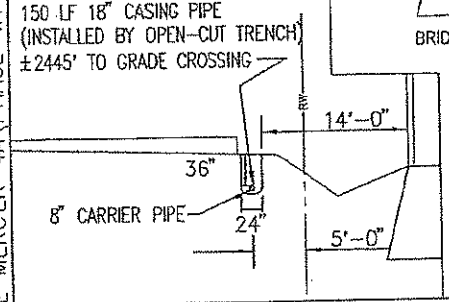


PLAN VIEW
SCALE: 1"=40'



All work done in accordance with the latest approved Norfolk Southern NSCE-4 and NSCE-8 Specifications.

DETAIL
NTS



PROFILE VIEW
SCALE: 1"=20' HORZ.
SCALE: 1"=40' VERT.

3
2

USGS OAKVALE QUAD
SHEET 29

STAFFORD CONSULTANTS INCORPORATED
ENGINEERING DESIGN AND CONSULTING
PRINCETON, WEST VIRGINIA

RAILROAD CROSSING NO. 1

OAKVALE ROAD PSD
MERCER/SUMMERS PHASE IVA
MERCER COUNTY, WV

DWN. BY:	RKK
DATE:	9-10
SCALE:	SHOWN
DWG. NO.	1
JOB NO.	08-7218.11

S:\PROJECTS\7128 - SE MERCER-4A\PHASE 4A-7128\05-4A-BASEMAP.dwg, 9/24/2010 9:04:09 AM, RKK, 1:110

PLATE I

PIPE DATA SHEET

(For crossings and longitudinal occupancy)

CROSSING NO. 1	PIPE DATA	
	CARRIER PIPE	CASING PIPE
CONTENTS TO BE HANDLED	Potable Water	Carrier Pipe
NORMAL OPERATING PRESSURE	212 psi	atmospheric
NOMINAL SIZE OF PIPE	8"	18" min.
OUTSIDE DIAMETER	9.05"	18"
INSIDE DIAMETER	8.51"	17.50"
WALL THICKNESS	.27"	0.250"
WEIGHT PER FOOT	23.7 lb	47.39 lb
MATERIAL	ductile iron	steel
PROCESS OF MANUFACTURE	cast	electric resistance weld
SPECIFICATION	AWWA C151	ASTM 139 B
GRADE OR CLASS	CL 50	sch 10
TEST PRESSURE	350 PSI	35,000 min. yield
TYPE OF JOINT	Bell & Spigot	welded
TYPE OF COATING	Bituminous	bare
DETAILS OF CATHODIC PROTECTION	N/A	N/A
DETAILS OF SEALS OR PROTECTION AT ENDS OF CASING	Yes	Yes
METHOD OF INSTALLATION	insertion thru casing w/ spacers	Opencut under RR Bridge along DOH
CHARACTER OF SUBSURFACE MATERIAL AT THE CROSSING LOCATION	Unknown	Unknown
APPROXIMATE GROUND WATER LEVEL	Unknown	Unknown
SOURCE OF INFORMATION ON SUBSURFACE CONDITIONS (BORINGS, TEST PITS OR OTHER)	Site Observation	Site Observation

NOTE: Any soil investigation made on railroad property or adjacent to tracks shall be carried on under the supervision of Conrail's Chief Engineer. (See Section 1.4)

DIVISION OF NATURAL RESOURCES
324 4th Avenue, Room 200
South Charleston, WV 25303-1228
TDD (304) 558-1439
TDD 1-800-354-6087
Fax (304) 558-6048
Telephone (304) 558-3225

Joe Manchin III
Governor

Frank Jezioro
Director

RECEIVED
JUL 15 2010
STAFFORD CONSULTANTS

July 12, 2010

Division of Natural Resources
LICENSE AND RIGHT OF ENTRY

Re: P-10-IV/28-834

Oakvale Road Public Service District
c/o Stafford Consultants, Inc.
Attention: Stacy Fowler
PO Box 5849
Princeton, WV 24740-

Dear Sir or Madam:

The Division of Natural Resources hereby grants to you for a term of 25 years, from the date hereof, a License and Right of Entry to construct, replace, cover, repair, operate, maintain, use and remove six-inch to twelve-inch (6"-12") water pipelines at forty-two (42) separate locations along Rocky Hollow, an unnamed tributary of Rocky Hollow, Fivemile Creek, unnamed tributaries of Fivemile Creek, Payne Branch, Hales Branch and the East River, East River District, Mercer County, West Virginia, as shown located and highlighted in red on the map attached hereto as Exhibit A.

This License and Right of Entry is subject to the following terms and conditions:

1. No in stream work during the fish-spawning season (April 1-June 30).
2. The pipeline must be buried at least three-feet (3').
3. Any stream bed disturbance should be restricted to the immediate area. In stream use of equipment should be kept to a minimum.
4. All shore areas disturbed by this operation must be reshaped, seeded and mulched immediately upon completion of work. The prompt establishment of vegetative cover will reduce future damage from high water levels.
5. Green concrete must not be put in the stream (highly toxic to aquatic life).
6. Amount of stream side vegetation disturbed should be kept to a minimum.
7. Best management practices should be followed; measures such as hay bales must be used to reduce downstream siltation.

8. Any plastic pipeline less than four-inch (4") in diameter shall be encased in a metal conduit.

9. The State's issuance of this Right-of-Entry does not provide for the applicant to work outside the requested boundaries nor does the State assume any liability for the applicant's/landowner's construction activities. By accepting this Right-of-Entry, the applicant/landowner assumes liability for any/all damages caused by this activity to both upstream and downstream landowners.

10. Work should be completed as quickly as possible during low flows in designated work areas only.

11. **The East River stream crossings must be directionally drilled. Any stream crossing that cannot be directionally drilled must be enhanced through natural stream channel design measures or riparian habitat improvements on site.**

12. A 404 Permit may be required from The U.S. Army Corps of Engineers. You may contact them at 304-399-5211 or 412-395-7152.

Guidelines of Best Management Practices for Sediment and Erosion Control as outlined by the Section of Water Resources, Division of Environmental Protection must be followed. Copies of those guidelines are available from the Section of Water Resources, Telephone No. (304) 926-0440.

The issuance of this License and Right of Entry by the Division of Natural Resources does not preclude the necessity to obtain a permit from the Corps of Engineers or any other state or federal permits which may be required by law, nor does this License and Right of Entry negate the need to comply with the West Virginia Water Pollution Control Act and/or the State Environmental Quality Board's administrative regulations, applicant is also responsible for determining if the proposed activity is located within an identified flood plain and it is the applicant's responsibility for contacting the local governmental agency in charge of that program and obtaining a flood plain development permit for it. This License and Right of Entry does not grant any rights or privileges, or permission to enter upon or to cross the property of any other person, nor is permission granted to remove any material that lies upon the property of any other persons. Work should be completed in as brief a period as possible and within one year from the date of this letter. In the event you fail or refuse to comply with any of the terms or conditions herein, this License and Right of Entry will be canceled and considered null and void and the Division will reject further applications.

There is no fee for this Right of Entry.

Sincerely,

Joe T. Scarberry, Supervisor
Office of Land and Streams

JTS:ah

pc: DNR Fish Biologist
Mr. Mike Zeto, Environmental Enforcement
DNR Conservation Officers

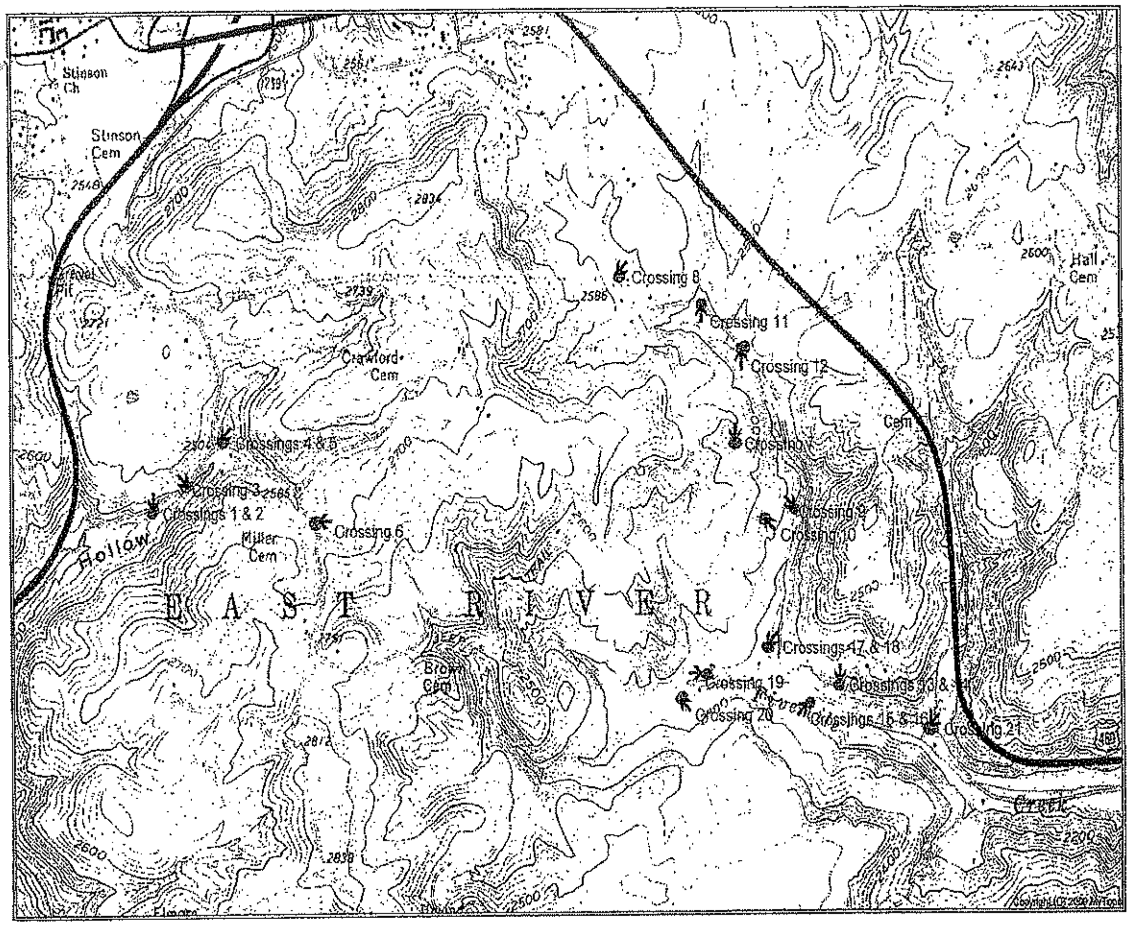
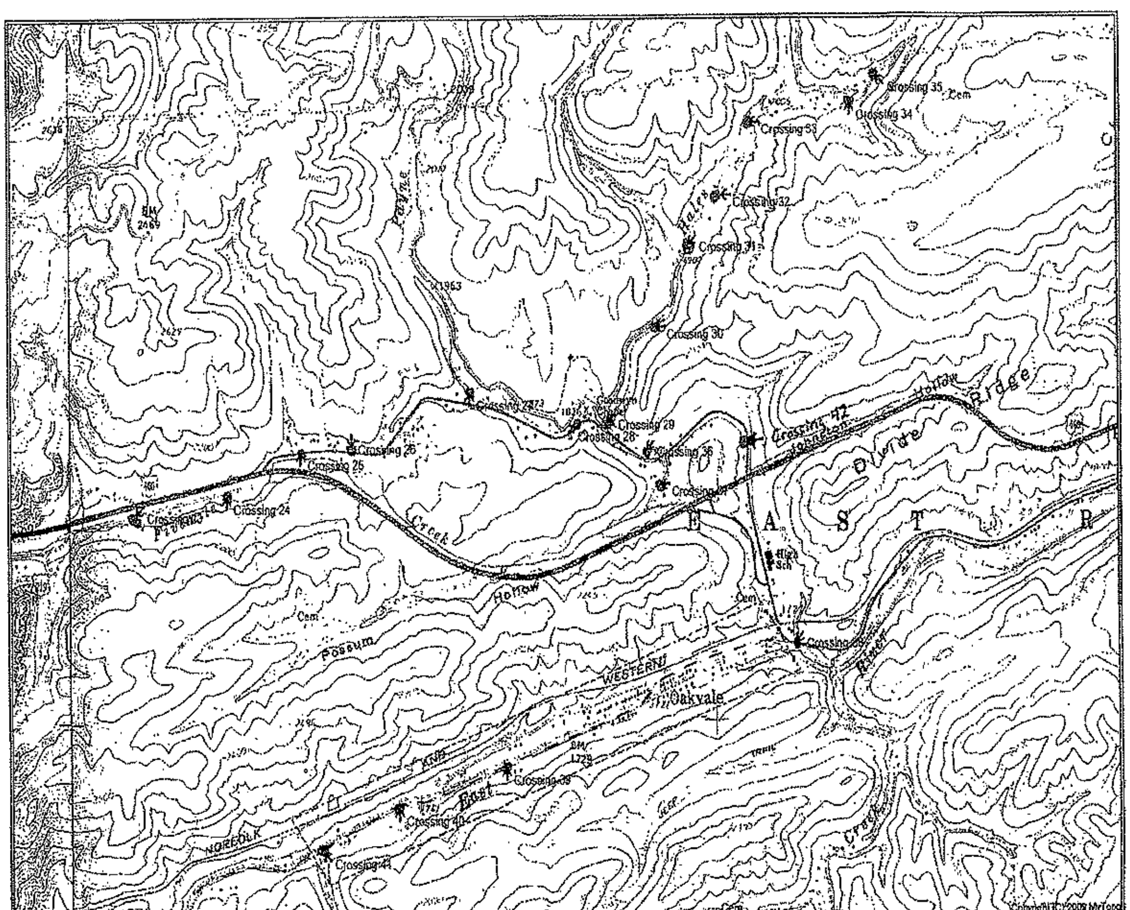

Stinson Ch
Stinson Cem
Crawford Cem
Miller Cem
Brown Cem
Hall Cem
Cem
Hollow
EAST RIVER
Crossings 1 & 2
Crossing 3
Crossings 4 & 5
Crossing 6
Crossing 8
Crossing 9
Crossing 10
Crossing 11
Crossing 12
Crossings 17 & 18
Crossing 19
Crossing 20
Crossing 21
Creek

Exhibit A


Crossing 24
Crossing 25
Crossing 26
Crossing 28
Crossing 29
Crossing 30
Crossing 32
Crossing 34
Crossing 35
Crossing 36
Crossing 39
Crossing 40
Crossing 41
Crossing 42
Creek
Hollow
Possum
Divide
Ridge
EAST R
High Sch
Oakvale
WESTERN
NORFOLK
East
Cem

September 8, 2011

Oakvale Road Public Service District
Water Revenue Bonds, Series 2011 A
(West Virginia Infrastructure Fund)

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Oakvale Road Public Service District
Princeton, West Virginia

Ladies and Gentlemen:

Based upon the use fees to be paid 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, as amended (the "Agreement"), by and between the Company and the Issuer, 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 2011 A (West Virginia Infrastructure Fund), to be issued in the original aggregate principal amount of $3,400,000 to the West Virginia Water Development Authority on the date hereof (the "Series 2011 A Bonds"), and all other obligations secured by a lien on or payable from the revenues of the System, on a parity with the Bonds, including 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 (the "Series 1996 Bonds); (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 (the "Series 1999 A Bonds"); (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 (the "Series 1999 B Bonds"); and (iv) Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated June 4, 2002, issued in the original aggregate principal amount of $558,620 (the "Series 2002 A Bonds"), (collectively, the "Prior Bonds").

It is further our opinion 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 Series 2011 A Bonds and the Prior Bonds.

Very truly yours,

Michael D. Griffith, CPA, AFI
Griffith & Associates, PLLC

MDG/dk

Michael D. Griffith, CPA, AFI
mgriffith@gcorpwv.com
950 Little Coal River Road Alum Creek, WV 25003
Phone: (304) 756.3600 Facsimile: (304) 756.2911

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 A
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Oakvale Road Public Service District in Mercer and Summers Counties, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $3,400,000 Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, dated September 8, 2011 (the "Series 2011 A Bonds"), hereby certify this 8th day of September, 2011 as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on September 1, 2011 as supplemented by Supplemental Resolution duly adopted on September 1, 2011 (collectively, the "Bond Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on September 8, 2011, the date on which the Bonds are being physically delivered in exchange for $17,500, being a portion of the principal amount of the Series 2011 A Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2011 A Bonds were sold on September 8, 2011, to the Authority, pursuant to a loan agreement dated September 8, 2011, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $3,400,000 (100% of par), at which time, the Issuer received $17,500 from the Authority and the Council, being the first advance of the principal amount of the Series 2011 A Bonds. The balance of the principal amount of the Series 2011 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

7. The Issuer shall, on the date hereof or immediately hereafter (in any event, not more than 6 months from the date hereof, enter into agreements which require the Issuer to expend in excess of 5% of the aggregate principal amount of the Bonds on the Project, constituting a substantial binding commitment, or has already done so. The acquisition, construction and equipping of the Project and the allocation of proceeds of the Bonds to expenditures for costs of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the Reserve Account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before March 1, 2013. The acquisition and construction of the Project is expected to be completed by December 1, 2012.

8. The total cost of the Project financed from the proceeds of the Bonds (including all costs of issuance of the Bonds) is estimated at $7,862,000. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2011 A Bonds	$3,400,000
ARC Grant	1,388,000
Small Cities Block Grant	1,500,000
WV BPH Grant	200,000
Governor's Contingency Grant	341,000
U.S. Army Corps of Engineers grant	700,000
West Virginia American Water Company contribution	333,000
Total Sources	$7,862,000

USES

Costs of Acquisition and Construction of the Project	$7,844,500
Costs of Issuance	17,500
Total Uses	$7,862,000

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2011 A Bonds:

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

(2) Series 2011 Bonds Construction Trust Fund;

(3) Series 2011 A Bonds Sinking Fund; and

(4) Series 2011 A Bonds Reserve Account (to be funded with the Letter of Credit);

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

(1) Bond proceeds in the amount of $-0- will be deposited in the Series 2011 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2011 A Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(2) The balance of the proceeds of the Series 2011 A Bonds will be deposited in the Series 2011 Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2011 A Bonds and related costs.

11. Moneys held in the Series 2011 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2011 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2011 A Bonds Sinking Fund and Series 2011 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2011 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 14 months of the date hereof.

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

14. With the exception of the amount deposited in the Series 2011 A Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2011 A Bonds Reserve Account, if any, all of the proceeds of the Series 2011 A Bonds will be expended on the Project within 17 months from the date of issuance thereof.

15. The Issuer does not expect to sell or otherwise dispose of the Project prior to the last maturity date of the Bonds.

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

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

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

19. The Issuer covenants that it shall maintain thorough and accurate accounting records, in conformance with generally accepted accounting principles, relative to the proceeds of Bonds so that use of proceeds from each series of the Bonds can be accounted for.

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

21. The Issuer shall use the Bond proceeds solely for the costs of the Project.

22. The Bonds are not federally guaranteed.

23. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain governmental or public purpose bonds.

24. The Issuer has either (a) funded the Series 2011 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds; (b) created the Series 2011 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2011 A Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year; or (c) purchased letter(s) of credit in amounts sufficient to satisfy the purchasers of the Bonds to fund the Series 2011 A Bonds Reserve Account. Moneys in the Series 2011 A Bonds Reserve Account, if any, and the Series 2011 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

25. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

26. All proceeds of the Series 2011 A Bonds shall be used for payment of the costs of the Project within 3 years the date hereof.

27. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

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

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

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

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Willis Warren

Chairman

667990.00002

5697151

JPMorganChase

JPMorgan Chase Bank, N.A.
Global Trade Services
131 South Dearborn, 5th Floor
Mail Code: IL1-0236
Chicago, IL 60603-5506

SEP 6, 2011

L/C NO.: CPCS-966354 ITEM NO: 0001

TO:
WEST VIRGINIA MUNICIPAL BOND
COMMISSION, ATTN: SARA BOARDMAN
1207 QUARRIER STREET, SUITE 401
CHARLESTON, WV 25301
(SEE BELOW FULL NAME & ADDRESS)

RE: CPCS-966354

WEST VIRGINIA MUNICIPAL BOND COMMISSION
ON BEHALF OF THE WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY AS REGISTERED OWNER OF THE OAKVALE
ROAD PUBLIC SERVICE DISTRICT WATER REVENUE BONDS,
SERIES 2011A (WEST VIRGINIA INFRASTRUCTURE FUND)

CERTIFICATE OF LETTER OF CREDIT BANK

THE UNDERSIGNED OFFICER OF JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, CHICAGO, IL (THE "BANK"), HEREBY CERTIFIES IN CONNECTION WITH THE ISSUANCE BY THE BANK OF ITS LETTER OF CREDIT NO. CPCS-966354 DATED SEPTEMBER 6, 2011 IN THE AMOUNT OF USD178,952.00 (THE "LETTER OF CREDIT"), TO

WEST VIRGINIA MUNICIPAL BOND COMMISSION
ON BEHALF OF THE WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY AS REGISTERED OWNER OF THE OAKVALE
ROAD PUBLIC SERVICE DISTRICT WATER REVENUE BONDS,
SERIES 2011A (WEST VIRGINIA INFRASTRUCTURE FUND)
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 IS ABLE TO DO BUSINESS IN THE STATE OF WEST VIRGINIA WITH THE POWER AND AUTHORITY TO ISSUE AND DELIVER THE LETTER OF CREDIT UNDER APPLICABLE LAW.

JPMorganChase

JPMorgan Chase Bank, N.A.
Global Trade Services
131 South Dearborn, 5th Floor
Mail Code: IL1-0236
Chicago, IL 60603-5506

SEP 6, 2011

L/C NO.: CPCS-966354 ITEM NO: 0001

TO:
WEST VIRGINIA MUNICIPAL BOND
COMMISSION, ATTN: SARA BOARDMAN
1207 QUARRIER STREET, SUITE 401
CHARLESTON, WV 25301
(SEE BELOW FULL NAME & ADDRESS)

2. THE LETTER OF CREDIT HAS BEEN DULY AUTHORIZED, EXECUTED AND DELIVERED BY THE BANK.

3. WE HAVE BEEN ADVISED THAT THE LETTER OF CREDIT CPCS-966354 IS PROVIDED TO SECURE CERTAIN OAKVALE ROAD PUBLIC SERVICE DISTRICT WATER REVENUE BONDS,
SERIES 2011A (WEST VIRGINIA INFRASTRUCTURE FUND) AND SECURE THE PAYMENT OF UP TO USD178,952.00, WHICH WE ARE ADVISED IS APPROXIMATELY EQUAL TO TWO YEARS' DEBT SERVICE ON THE ISSUER'S WATER REVENUE BONDS SERIES 2011A DATED SEPTEMBER 8, 2011. THE WEST VIRGINIA MUNICIPAL BOND COMMISSION LETTER OF CREDIT HAS BEEN DELIVERED BY THE BANK PURSUANT TO AN APPLICATION FOR IRREVOCABLE STANDBY LETTER OF CREDIT

IN WITNESS WHEREOF, JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, HAS CAUSED THIS CERTIFICATE TO BE EXECUTED BY A DULY AUTHORIZED OFFICER, THIS 6TH DAY OF SEPTEMBER, 2011.

JPMORGAN CHASE BANK, N.A.

BY: Kathleen M Moses
AUTHORIZED OFFICER

185856 Lydia I Alvizures-Altinbas

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 25th day of August 2011.

CASE NO. 11-0763-PWD-PC
MERCER COUNTY COMMISSION
a public utility,

Request to Expand the service territory of Oakvale Road Public Service District and Lashmeet Public Service District in Mercer County.

COMMISSION ORDER

The Commission rescinds its August 16, 2011 Order and approves the Mercer County Commission adjustment of the service boundaries of Oakvale Road Public Service District (Oakvale) and Lashmeet Public Service District (Lashmeet).

BACKGROUND

On May 31, 2011, the Mercer County Commission filed a request that the Commission approve its petition to adjust the boundaries of Lashmeet and Oakvale in a manner that will transfer a portion of Oakville territory to Lashmeet to allow Lashmeet to provide additional water service in the central area of Mercer County, and increase the area of Oakvale to serve additional residents in the southeastern area of Mercer County. The petition stated that Mercer County as a whole and particularly the southeast area of the county has a need for additional water distribution facilities to service the public because those residents are without safe and reliable potable water.

The Mercer County Commission included in its filing 1) a copy of the petition of both Oakvale and Lashmeet to the Mercer County Commission for authority to provide water service to the residents within the southeast area of Mercer County between Princeton and Oakvale and to adjust the boundaries of Oakvale to increase the territory of Lashmeet to allow Lashmeet to provide additional water service in the central area of Mercer County, 2) a description of the area to be included within Oakvale as Petition Exhibit No. 1 AREA A, and a description of the area to be included within Lashmeet and reduced from the territory of Oakvale as Petition Exhibit No. 1 AREA B, 3) an affidavit of publication noticing the February 25, 2011 Mercer County Commission meeting by publication on February 2, 2011 in Bluefield Daily Telegraph, and 4) a copy of the minutes of the meeting of February 25, 2011 during which meeting the Mercer County Commission unanimously approved the proposal to adjust the Oakvale and Lashmeet

boundaries. The petition stated that in addition to newspaper publication, the Mercer County Commission posted five notices within the areas of the proposed additional territory. No one appeared before the Mercer County Commission to protest the boundary modification.

On June 17, 2011, Commission Staff filed a Memorandum stating that the Mercer County Commission had complied with the applicable requirements of W.Va. Code §16-13A-2(a)-(d) and (f), including adequate public notice. Staff recommended that the Commission approve the request of the Mercer County Commission without a hearing.

On July 28, 2011, Mercer County Commission filed an affidavit of posting stating that notice of the Mercer County Commission hearing was posted in five conspicuous locations in the areas to be affected by the boundary adjustment. The cover letter to the filing stated that the Mercer County Commission does not enter orders, but acts by resolution as expressed in its meeting minutes.

By Order issued August 16, 2011, the Commission concluded that the Mercer County Commission substantially complied with the procedural provisions of W.Va. Code §16-13A-2 regarding its provision of notice to citizens in the area affected by the boundary adjustment. The Order required a second publication, explaining that Rule 8.3.a. of the Commission Rules for the Government of Water Utilities, 150 CSR 7 (Water Rules), require two publications to accomplish a public service district boundary adjustment. The first is by the County Commission, and the second, by order of this Commission.

On August 18, 2011, the Mercer County Commission filed a Motion to the Commission to withdraw the August 16, 2011 Order and approve the boundary adjustment without further publication or hearing. In support of its motion, the Mercer County Commission stated that bids had been opened on the associated project and a closing date scheduled on September 2, 2011. The motion stated that delay in awarding bids could jeopardize funding and that the possibility of protest is virtually nonexistent.

On August 19, 2011, Staff made a filing in support of the Mercer County Commission motion.

DISCUSSION

Water Rule 1.6.b. provides that if hardship results from application of a Water Rule or if unusual difficulty is involved in immediately complying with a rule, a party may apply to the Commission for modification or temporary or permanent exemption from the rule. The Commission finds that the Mercer County Commission filing on August 18, 2011 presents justification for a waiver of the second notice requirement of

Water Rule 8.3.a. Furthermore, the Commission determines that a hearing is not necessary in this case, and that the boundary adjustment should be finally approved.

FINDINGS OF FACT

1. The Mercer County Commission requests Commission consent and approval to adjust the boundaries of Oakvale and Lashmeet pursuant to W.Va. Code §16-13A-2.

2. After providing notice and holding a public meeting, the Mercer County Commission approved the proposed boundary modification. Affidavit of publication evidencing publication of meeting notice on February 2, 2011 in Bluefield Daily Telegraph; affidavit of posting filed July 28, 2011.

3. The minutes of the February 25, 2011 meeting reflect that Mercer County Commission received no protest to the proposed boundary modifications.

CONCLUSIONS OF LAW

1. A county commission order regarding public service district boundary modifications is not effective without approval of the Public Service Commission. W.Va. Code §16-13A-2.

2. The Mercer County Commission substantially complied with its public notice requirements. Affidavit of publication evidencing publication of meeting notice on February 2, 2011 in Bluefield Daily Telegraph; affidavit of posting filed July 28, 2011.

3. The Water Rules require two publications to accomplish a public service district boundary adjustment. The first is by the County Commission, and the second, by order of this Commission. Water Rule 8.3.a.

4. Water Rule 1.6.b. provides that if hardship results from application of a Water Rule or if unusual difficulty is involved in immediately complying with a rule, a party may apply to the Commission for modification or temporary or permanent exemption from the rule.

5. Because bids have been opened and a closing has been scheduled with respect to the project associated with the boundary adjustment, hardship would result from the delay that would be caused by a second publication requirement.

6. The August 16, 2011 Order of the Commission will be rescinded and the requirement of Water Rule 8.3.a for a second publication will be waived.

7. The Commission determines under W.Va. Code §16-13A-2 and Water Rule 8.4.a. that a hearing is not required in this case.

8. The proposed boundary adjustment will be approved.

ORDER

IT IS THEREFORE ORDERED that the August 16, 2011 Commission Order is rescinded.

IT IS FURTHER ORDERED that the petition of the Mercer County Commission for approval of its adjustment of the boundaries of Lashmeet Public Service District and Oakvale Public Service District in a manner that will transfer a portion of Oakville territory to Lashmeet to allow Lashmeet to provide additional water service in the central area of Mercer County, and increase the area of Oakvale to serve additional residents in the southeastern area of Mercer County, is granted.

IT IS FURTHER ORDERED that on entry of this Order this case is removed from the Commission docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this Order by electronic service on all parties of record who have filed an e-service agreement, by United States First Class Mail on all parties of record who have not filed an e-service agreement, and on Staff by hand delivery.

A True Copy, Teste: Sandra Squire

Sandra Squire
Executive Secretary

JML/tt
110763ca.wpd

LAW OFFICES
WILLIAM S. WINFREY, II.
W. Va. State Bar 4093
1608 West Main Street
Post Office Box 1159
Princeton, West Virginia 24740
bill@winfreylaw.com

Telephone: (304)487-1887

Facsimile: (304)425-7340

August 22, 2011

File No. 08-300

VIA FACSIMILE AND U.S. MAIL

Sandra Squire, Director
Executive Secretary Division
WV Public Service Commission
P. O. Box 812
Charleston, WV 25323

RECEIVED
11 AUG 24 AM 9:03
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

Re: Case No. 11-0763-PWD-PC
Petition of the Mercer County Commission to Expand the Service Authority of Oakvale Road Public Service District and Lashmeet Public Service District

Dear Ms. Squire:

Enclosed are thirteen (13) copies of the Certificate of Publication with regard to the above-referenced matter.

Yours very truly,

William S. Winfrey, II
WVSB # 4093

WSW,II/saw
Enclosures
cc: Mercer County Commission (w/enc.)
Oakvale Road Public Service District (w/enc.)
Lashmeet Public Service District (w/enc.)
Region I Planning & Development Council (w/enc.)
Stafford Consultants, Incorporated (w/enc.)

CERTIFICATE OF PUBLICATION

State of West Virginia,

To-wit:-

County of Mercer,

Teresa L. Evans of the Bluefield Daily Telegraph, a daily 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

One (1) Time(s)

on the following day(s), namely; August 19 in the year 2011.

Publication Fee $43.88

Teresa L. Evans

Subscribed and sworn to before me this 19th day of August 2011.

My Commission expires Dec 16 2018.

Dena Moore

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TERESA MOORE
BLUEFIELD DAILY TELEGRAPH
928 BLUEFIELD AVE.
BLUEFIELD, WV 24701
My commission expires December 16, 2018

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA CHARLESTON

CASE NO. 11-0763-PWD-PC
MERCER COUNTY COMMISSION
Applicant

Request to Expand the service territory of Oakvale Road Public Service District and Lashmeet Public Service District in Mercer County

NOTICE OF FILING

On May 31, 2011, the Mercer County Commission filed a request that the Commission approve its petition to adjust the common boundary of Lashmeet Public Service District (Lashmeet) and Oakvale Road Public Service District (Oakvale) in a manner that would place the boundary of Oakvale and transfer that territory to Lashmeet to allow Lashmeet to provide additional water service in the central area of Mercer County and release the area of Oakvale to serve additional residents in the southeastern area of Mercer County. The petition states that Mercer County as a whole and particularly the southeast area of the county has a need for additional water distribution facilities to service the public because those residents are without safe and reliable potable water.

A complete description of the boundaries is on file with the Mercer County Commission and the West Virginia Public Service Commission.

Anyone desiring to protest or intervene should file a written protest or petition to intervene within thirty days following the date of this publication. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, P.O. Box 812, Charleston, West Virginia 25323. If no substantial protest is filed, the Commission may approve the Mercer County Commission's request without hearing.

MERCER COUNTY COMMISSION

8873 1X7½

AREA A

All that certain property described in that certain map entitled "PROPOSED OAKVALE ROAD PUBLIC SERVICE DISTRICT BOUNDARIES, LAYOUT MAP W/LEGEND, prepared by Stafford Consultants, Incorporated, Engineering Design and Consulting, Princeton, West Virginia, dated 3-10," more fully described as follows:

At a point along the eastern limits of the Oakvale Road Public Service District's Service Area Boundary, said point being located at the intersection of Mercer County routes 9/8 and 20/1 and being the Point Of Beginning;

Thence, in an easterly direction to a point at the intersection of Mercer County routes 28, 9 and 9/8, said point being in the community of Elgood, WV;

Thence, in a southeasterly direction to a point in the right-of-way of Mercer County route 28/1, said point being located approximately 2,200 feet southeast of the intersection of Mercer County routes 28 and 28/1;

Thence, southerly to a point, said point being the intersection of Mercer County roues 28 and 28/9;

Thence in a southwesterly direction to a point in the right-of-way of US Highway Route 460, said point being approximately 3,700 feet northeast of the crossing of Mercer County route 35 (Goodwin's Chapel Road) by US Highway Route 460;

Thence, in a southerly direction to a point offset 750 feet southeast of the East River;

Thence, in a westerly direction, approximately parallel to the southern boundary of the Town of Oakvale, to a point approximately 750 feet southeast of the East River;

Thence, in a northerly direction to a point in the right-of-way of Mercer County route 38/4, said point being approximately 2,500 feet southwest of the intersection of Mercer County routes 38/4 and 460/1;

Thence, in a westerly direction to a point in the right-of-way of Interstate Highway 77, said point being at the crossing by the Norfolk Southern Railroad over Interstate Highway 77;

Thence, following Interstate Highway 77 in a northerly direction to a point, said point being the intersection of Interstate Highway 77 and the Oakvale Road Public Service District's Area Boundary;

Thence, following the meanderings of the limits of the Oakvale Road Public Service District's Service Area Boundary in a northeasterly direction and returning to the Point Of Beginning.

AREA B

All that certain property described in that certain map entitled "PROPOSED OAKVALE ROAD PUBLIC SERVICE DISTRICT BOUNDARIES, LAYOUT MAP W/LEGEND, prepared by Stafford Consultants, Incorporated, Engineering Design and Consulting, Princeton, West Virginia, dated 3-10," more fully described as follows:

At a point along the western limits of the Oakvale Road Public Service District's Service Area Boundary, said point being located at the intersection of Oakvale Road Public Service District's Service Area Boundary and the Bluestone River and being the Point Of Beginning;

Thence, in a southeasterly direction to a point in the right-of-way of Mercer County route 19/9, said point being approximately 9,700 feet southeast of the intersection of U.S. Route 19 and Mercer County route 19/9;

Thence, following the right-of-way of Mercer County route 19/9 in a southerly direction to a point, said point being the intersection of Mercer County routes 19/9 and 19/11;

Thence, in a southwesterly direction to a point in the right-of-way of Mercer County route 19/11, said point being at the intersection of the Oakvale Road Public Service District's Service Area Boundary and the right-of-way of Mercer County route 19/11;

Thence, in a northerly direction following the Oakvale Road Public Service District's Service Area Boundary to the Point Of Beginning.

LASHMEET PUBLIC SERVICE DISTRICT
OAKVALE ROAD PUBLIC SERVICE DISTRICT
REQUEST FOR BOUNDARY CHANGE

Please take notice that Lashmeet Public Service District and Oakvale Road Public Service District shall bring on before the County Commission of Mercer County, West Virginia, at the Mercer County Courthouse located at 1501 Main Street, Princeton, West Virginia, on Friday, February 25, 2011, at 10:00 a.m., a Petition to adjust the common boundary of Lashmeet Public Service District, a public service district providing water service to certain residents of Mercer County, West Virginia, and Oakvale Road Public Service District, which will reduce the boundary of Oakvale Road Public Service District, and transfer that territory to Lashmeet Public Service District to allow Lashmeet Public Service District to provide water service to additional residents of Mercer County, West Virginia; and to increase the area of Oakvale Road Public Service District to serve additional residents in the Southeastern area of Mercer County, West Virginia.

The area to be included within Oakvale Road Public Service District in the Southeastern area of Mercer County, West Virginia, is described below as "AREA A":

AREA A

All that certain property described in that certain map entitled "PROPOSED OAKVALE ROAD PUBLIC SERVICE DISTRICT BOUNDARIES, LAYOUT MAP W/LEGEND, prepared by Stafford Consultants, Incorporated, Engineering Design and Consulting, Princeton, West Virginia, dated 3-10," more fully described as follows:

At a point along the eastern limits of the Oakvale Road Public Service District's Service Area Boundary, said point being located at the intersection of Mercer County routes 9/8 and 20/1 and being the Point Of Beginning;

Thence, in an easterly direction to a point at the intersection of Mercer County routes 28, 9 and 9/8, said point being in the community of Elgood, WV;

Thence, in a southeasterly direction to a point in the right-of-way of Mercer County route 28/1, said point being located approximately 2,200 feet southeast of the intersection of Mercer County routes 28 and 28/1;

Thence, southerly to a point, said point being the intersection of Mercer County routes 28 and 28/9;

Thence in a southwesterly direction to a point in the right-of-way of US Highway Route 460, said point being approximately 3,700 feet northeast of the crossing of Mercer County route 35 (Goodwin's Chapel Road) by US Highway Route 460;

Thence, in a southerly direction to a point offset 750 feet southeast of the East River;

Thence, in a westerly direction, approximately parallel to the southern boundary of the Town of Oakvale, to a point approximately 750 feet southeast of the East River;

Thence, in a northerly direction to a point in the right-of-way of Mercer County route 38/4, said point being approximately 2,500 feet southwest of the intersection of Mercer County routes 38/4 and 460/1;

Thence, in a westerly direction to a point in the right-of-way of Interstate Highway 77, said point being at the crossing by the Norfolk Southern Railroad over Interstate Highway 77;

Thence, following Interstate Highway 77 in a northerly direction to a point, said point being the intersection of Interstate Highway 77 and the Oakvale Road Public Service District's Area Boundary;

Thence, following the meanderings of the limits of the Oakvale Road Public Service District's Service Area Boundary in a northeasterly direction and returning to the Point Of Beginning.

The area to be included within Lashmeet Public Service District and reduced from the boundary of Oakvale Road Public Service District is described below as "AREA B":

AREA B

All that certain property described in that certain map entitled "PROPOSED OAKVALE ROAD PUBLIC SERVICE DISTRICT BOUNDARIES, LAYOUT MAP W/LEGEND, prepared by Stafford Consultants, Incorporated, Engineering Design and Consulting, Princeton, West Virginia, dated 3-10," more fully described as follows:

At a point along the western limits of the Oakvale Road Public Service District's Service Area Boundary, said point being located at the intersection of Oakvale Road Public Service District's Service Area Boundary and the Bluestone River and being the Point Of Beginning;

Thence, in a southeasterly direction to a point in the right-of-way of Mercer County route 19/9, said point being approximately 9,700 feet southeast of the intersection of U.S. Route 19 and Mercer County route 19/9;

Thence, following the right-of-way of Mercer County route 19/9 in a southerly direction to a point, said point being the intersection of Mercer County routes 19/9 and 19/11;

Thence, in a southwesterly direction to a point in the right-of-way of Mercer County route 19/11, said point being at the intersection of the Oakvale Road Public Service District's Service Area Boundary and the right-of-way of Mercer County route 19/11;

Thence, in a northerly direction following the Oakvale Road Public Service District's Service Area Boundary to the Point Of Beginning.

The purpose for the geographical expansion of Oakvale Road Public Service District is to provide water service to residents of the Southeastern area of Mercer County, including the Town of Oakvale. The expansion of Oakvale Road Public Service District is in the best interests of the affected citizens in Mercer County. The purpose of the expansion of Lashmeet Public Service District from territory formerly within the service area of Oakvale Road Public Service District is to allow Lashmeet Public Service District, which is geographically better able from its facilities, to provide increased services to residents of Mercer County within "AREA B" as described above.

Any person having comments, questions or who wishes to speak in favor of or in opposition to the boundary change should appear at that place and time.

LASHMEET PUBLIC SERVICE DISTRICT
OAKVALE ROAD PUBLIC SERVICE DISTRICT
BY COUNSEL

William S. Winfrey, II (WVSB #4093)
Attorney at Law
1608 West Main Street
P.O. Box 1159

1187 2X12 1/4

County Commission Exhibit #2

CERTIFICATE OF PUBLICATION

State of West Virginia,

To-wit:-

County of Mercer,

Tenise Ann Mabe of the Bluefield Daily Telegraph, a daily 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

One (1) Times

on the following day(s), namely February 2 in the year 2011.

Publication Fee $143.33

Tenise Ann Mabe

Subscribed and sworn to before me this 2nd day of February 2011.

My Commission expires Dec 16 2018.

Teresa Herald

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TERESA HERALD
BLUEFIELD DAILY TELEGRAPH
926 BLUEFIELD AVENUE
BLUEFIELD, WV 24701
My commission expires December 16, 2018

County Commission Exhibit #3

WEST VIRGINIA:

At a special session of the County Commission, held for the County of Mercer, at the Courthouse thereof, on Friday, February 25, 2011.

Present:	Joe Coburn,	President.
Present:	Jay Mills,	Commissioner
Present:	Mike Vinciguerra,	Commissioner

SPECIAL MEETING

THE MERCER COUNTY COMMISSION WILL MEET IN A SPECIAL SESSION ON FRIDAY, FEBRUARY 25, 2011 AT 10:00 A.M. THE PURPOSE OF THE MEETING IS TO:

1. FOR A PUBLIC HEARING REGARDING BOUNDARY ADJUSTMENTS FOR LASHMEET PUBLIC SERVICE DISTRICT AND OAKVALE ROAD PUBLIC SERVICE DISTRICT.
2. TO APPROVE AN INTERGOVERNMENTAL AGREEMENT BETWEEN OAKVALE ROAD PUBLIC SERVICE DISTRICT AND THE MERCER COUNTY COMMISSION FOR THE SOUTHEASTERN MERCER/SUMMERS REGIONAL WATER PROJECT PHASE IV-A.

RE: PUBLIC HEARING- BOUNDARY ADJUSTMENTS FOR LASHMEET PSD AND OAKVALE ROAD PSD

This day on motion of Jay Mills Commissioner, seconded by Mike Vinciguerra, Commissioner, the Commission unanimously made the motion to approve the boundary adjustments, presented by William S. Winfrey, II , in a public hearing for the Lashmeet Public Service District and the Oakvale Road Public Service District.

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 sub-division 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. Milan, 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 O. Bowling
County Court Clerk

Adopted by the County Court May 13, 1957.

Fred Thomason
President

Attest:

Lowery O. Bowling
Clerk

STATE OF WEST VIRGINIA }
} ss
COUNTY OF MERCER }

I, Lowery O. 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 O. Bowling
County Court Clerk

June 10, 1957

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 C. Bowling, Clerk.

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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 convenienc of such areas.

ADOPTED BY THE COUNTY COURT JUNE 10th. 1957.

Fred Thomason
President

ATTEST:
Lowery G. Bowling, Clerk.

June 10, 1957

WEST VIRGINIA:

At a regular session of the County Court, held for the County of Mercer, at the Courthouse thereof, on Monday, June 10th, 1957.

Present:	Fred Thomason,	President.
Present:	J. C. Fanning,	Commissioner.
Present:	Frank Gibson,	Commissioner.

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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 hereinto above 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.

Dec 30, 1977

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 held before this Commission on the 20 day of January, 1978, at 9:30 o'clock A. M., notifying

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the public that said hearing be held forthe purpose of accepting any petitions for objection 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 south-easterly 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. 67° 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: Joyce Bass DEPUTY CLERK.

Feb 16, 1978

Minute Order Book 25 Page 597

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 proposed 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: Royce Bailey DEPUTY CLERK.

Jan 1995

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 Rader

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

Jan 17, 1995

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

May 26, 1995

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, [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

July 13 98

BEFORE THE COUNTY COMMISSION OF MERCER COUNTY, WEST VIRGINIA

In re:

LASHMEET PUBLIC SERVICE DISTRICT and
OAKVALE ROAD PUBLIC SERVICE DISTRICT

ORDER TO INCREASE PUBLIC SERVICE DISTRICT BOUNDARIES

Pursuant to the provision of W. Va. Code § 16-13A-2 (1991 Replacement Vol.), on a former day came the Lashmeet Public Service District and Oakvale Road Public Service District and filed their Petition to enlarge the boundary of the Lashmeet Public Service District (Lashmeet) and to decrease the boundary of Oakvale Road Public Service District (Oakvale Road), to provide water service to additional residents of Mercer County, West Virginia, in a water project for Lashmeet.

On July 13, 1998, came the Petitioners and presented their Petition for a hearing. After hearing and review of the record, the Commission finds as follows:

1. Lashmeet and Oakvale Road are public service districts formed by the County Commission of Mercer County, West Virginia;

2. Lashmeet desires to provide water service to additional residents of Mercer County, West Virginia currently within the area of Oakvale Road;

3. The expansion of Lashmeet is in the best interests of the affected citizens in Mercer County. The expansion will provide for safe, stable water service to residents of Mercer County and will in no way adversely affect the existing customers of Oakvale Road. Oakvale Road does not currently serve the affected area.

4. The Petitioners have caused to be published as a Class I advertisement a notice of the hearing, a copy of which publication is attached to this Order.

5. The Petitioners have caused to be posted 5 notices of the hearing within the area to be encompassed by the expansion.

Accordingly, it is therefore ORDERED that the boundary of the Lashmeet Public Service District be enlarged and the boundary of Oakvale Road Public Service District will be decreased as follows:

LASHMEET PSD BOUNDARY EXPANSION

This proposed boundary expansion by Lashmeet Public Service District is needed as a result of the Lashmeet PSD's proposed water project to provide water service from the City of Princeton to Lashmeet and for future water system extensions to the Spanishburg area of Mercer County. The proposed Lashmeet PSD boundary is described as follows:

Beginning at the northwest corner of the current Lashmeet P.S.D. boundary, which is located at the intersection of latitude N 37° 27' 58" and longitude W 81° 12' 55"; thence, N 00° 00' 00" E 11,565 feet to latitude N 37° 29' 53" and longitude W 81° 12' 55"; thence N 90° 00' 00" E 31,497 feet to latitude N 37° 29' 53" and longitude W 81° 06' 23", said point being located on the centerline of Interstate 77 and a common corner to Oakvale Road PSD boundary; thence with proposed boundary line between Lashmeet PSD and Oakvale Road PSD southeast following the centerline of Interstate 77 to latitude N 37° 29' 27" and longitude W 81° 05' 16"; thence S 00° 00' 00" E 34,634 feet to latitude N 37° 23' 41" and longitude W 81° 05' 16", said point being located on the current Oakvale Road P.S.D;. thence with current Oakvale Road PSD boundary to be retracted the following four (4) calls: in a westerly direction approximately 10,609 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 feet in the southerly direction for a distance of approximately 13,900 feet to the top of Turkey Knob Mountain; thence in a northwesterly direction approximately 9,150 feet to the centerline of the waters of Bluestone River, said point being at the intersection of latitude N 37° 23' 11" and longitude W 81° 10' 13"; thence N 21° 34' 17" W 4,411 feet to latitude N 37° 23' 52" and longitude W 81° 10' 34"; thence S 61° 20' 03" W 13,048 feet to latitude N 37° 22' 50" and longitude W 81° 12' 59"; thence N 27° 20' 47" W 11,796 feet to latitude N 37° 24' 34" and longitude W 81° 14' 07"; thence N 17° 42' 27" E 5,567 feet to latitude N 37° 25' 27" and longitude W 81° 13' 46"; thence N 00° 00' 00" E 8,400 feet to latitude N 37° 26' 51" and longitude W 81° 13' 46"; thence N 30° 27' 56" E 7,889 feet to the point of beginning and containing 59.17 square miles, more or less, in Mercer County, West Virginia as shown on a map prepared by Pentree, Inc., Princeton, West Virginia dated October 16, 1997.

OAKVALE ROAD PSD BOUNDARY ADJUSTMENT

This proposed boundary adjustment by Oakvale Road Public Service District is needed as a result of the Lashmeet PSD's proposed water project to provide water service from the City of Princeton to Lashmeet and for future water system extensions to the Spanishburg area of Mercer County. The current western boundary of Oakvale Road PSD would be retracted to the proposed eastern boundary of Lashmeet PSD as follows:

Beginning at the northwest corner at latitude N 37° 29' 53" and longitude W 81° 06' 23", said point being located on the centerline of Interstate 77 and a common point to proposed Lashmeet PSD and Oakvale Road PSD boundaries; thence with proposed boundary between Lashmeet PSD and Oakvale Road PSD southeast following the centerline of Interstate 77 to latitude N 37° 29' 27" and longitude W 81° 05' 16"; thence with said boundary S 00° 00' 00" E 34,634 feet to latitude N 37° 23' 41" and longitude W 81° 05' 16", said point being located on the current Oakvale Road P.S.D boundary, with the Oakvale Road PSD boundary retraction being 20.22 square miles, more or less, in Mercer County, West Virginia as shown on a map prepared by Pentree, Inc., Princeton, West Virginia dated October 16, 1997.

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

Enter:

President

NOTICE OF HEARING
LASHMEET PUBLIC SERVICE DISTRICT
OAKVALE ROAD PUBLIC SERVICE DISTRICT
REQUEST FOR BOUNDARY CHANGE

Please take notice that Lashmeet Public Service District and Oakvale Road Public Service District shall bring on before the County Commission of Mercer County, West Virginia, at the Courthouse in Princeton, on July 13, 1998, at 10:00 AM a petition to enlarge the boundaries of the Lashmeet Public Service District, which enlarged boundary is situate in Mercer County, West Virginia, as more particularly bounded and described as follows:

LASHMEET PSD BOUNDARY EXPANSION

This proposed boundary expansion by Lashmeet Public Service District is needed as a result of the Lashmeet PSD's proposed water project to provide water service from the City of Princeton to Lashmeet and for future, water system extensions to the Spanishburg area of Mercer County. The proposed Lashmeet PSD boundary is described as follows:

Beginning at the northwest corner of the current Lashmeet P.S.D. boundary, which is located at the intersection of latitude N 37 degrees 27' 58" and longitude W 81 degrees 12' 55"; thence, N 00 degrees 00' 00" E 11,565 feet to latitude N 37 degrees 29' 53" and longitude W 81 degrees 12' 55"; thence N 90 degrees 00' 00" E 31,497 feet to latitude N 37 degrees 29' 53" and longitude W 81 degrees 05' 23", said point being located on the centerline of Interstate 77 and a common corner to Oakvale Road PSD boundary; thence with proposed boundary line between Lashmeet PSD and Oakvale Road PSD southeast following the centerline of Interstate 77 to latitude N 37 degrees 29' 27" and longitude W 81 degrees 05' 16"; thence S 00 degrees 00' 00" E 34,634 feet to latitude N 37 degrees 23' 41" and longitude W 81 degrees 05' 16", said point being located on the current Oakvale Road P.S.D.; thence with current Oakvale Road PSD boundary to be retracted the following four (4) calls: in a westerly direction approximately 10,609 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 feet in the southerly direction for a distance of approximately 13,980 feet to the top of Turkey Knob Mountain; thence in a northwesterly direction approximately 9,150 feet to the centerline of the waters of Bluestone River, said point being at the intersection of latitude N 37 degrees 23' 11" and longitude W 81 degrees 10' 13"; thence N 21 degrees 34' 17" W 4,411 feet to latitude N 37 degrees 23' 52" and longitude W 81 degrees 10' 34"; thence S 61 degrees 20' 03" W 13,048 feet to latitude N 37 degrees 22" 50" and longitude W 81 degrees 12' 59"; thence N 27 degrees 20' 47" W 11,796 feet to latitude N 37 degrees 24' 34" and longitude W 81 degrees 14' 07"; thence N 17 degrees 42' 27" E 5,567 feet to latitude N 37 degrees 25' 27" and longitude W 81 degrees 13' 46"; thence N 00 degrees 00' 00" E 8,400 feet to latitude N 37 degrees 26' 51" and longitude W 81 degrees 13' 46", thence N 30 degrees 27' 56" E 7,889 feet to the point of beginning and containing 59.17 square miles, more or less, in Mercer County, West Virginia as shown on a map prepared by Pentree, Inc., Princeton, West Virginia dated October 16, 1997.

The enlargement will likewise decrease the boundaries of Oakvale Road Public Service District as follows:

OAKVALE ROAD PSD BOUNDARY ADJUSTMENT

This proposed boundary adjustment by Oakvale Road Public Service District is needed as a result of the Lashmeet PSD's proposed water project to provide water service from the City of Princeton to Lashmeet and for future water system extensions to the Spanishburg area of Mercer County. The current western boundary of Oakvale Road PSD would be retracted to the proposed eastern boundary of Lashmeet PSD as follows:

Beginning at the northwest corner at latitude N 37 degrees 29' 53" and longitude W 81 degrees 05' 23", said point being located on the centerline of Interstate 77 and a common point to proposed Lashmeet PSD and Oakvale Road PSD boundaries; thence with proposed boundary between Lashmeet PSD and Oakvale Road PSD southeast following the centerline of Interstate 77 to latitude N 37 degrees 29' 27" and longitude W 81 degrees 05' 16"; thence with said boundary S 00 degrees 00' 00" E 34,634 feet to latitude N 37 degrees 23' 41" and longitude W 81 degrees 05' 16", said point being located on the current Oakvale Road P.S.D boundary, with the Oakvale Road PSD boundary retraction being 20.22 square miles, more or less, in Mercer County, West Virginia as shown on a map prepared by Pentree, Inc., Princeton, West Virginia dated October 16, 1997.

The purpose of the expansion is to allow Lashmeet Public Service District to provide water service to unserved areas of Mercer County, West Virginia, in a new water project.

Any person having comments, questions or who wishes to speak in favor of or in opposition to the boundary change should appear at that place and time. LASHMEET PUBLIC SERVICE DISTRICT OAKVALE ROAD PUBLIC SERVICE DISTRICT BY COUNSEL

William S. Winfrey, II
Attorney at Law
1608 West Main Street
P.O. Box 1459
Princeton, WV 24740
304-487-1007

CERTIFICATE OF PUBLICATION

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

I, Shirley Smith 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

One (1) Times

on the following days, namely: July 3rd

in the year 19 98.

Publication Fee $92.98

Shirley Smith

Subscribed and sworn to before me this 6th day of July 19 98.

My Commission expires Feb. 20 19 2005

Ruth J. Hopper
Notary Public

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 14th day of July, 1998.

Rudolph D. Jennings CLERK

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: August 31, 1998

CASE NO. 98-0906-PSD-PC

MERCER COUNTY COMMISSION
Petition for consent and approval of boundary adjustments for Lashmeet Public Service District and Oakvale Road Public Service District.

RECOMMENDED DECISION

On July 21, 1998, the Mercer County Commission filed a petition with the Public Service Commission seeking approval to expand the boundary of the Lashmeet Public Service District and to retract the boundaries of the Oakvale Public Service District to accommodate a proposed Lashmeet water project, in accordance with West Virginia Code §16-13A-2. It was noted that expedited treatment of this matter was requested.

By Order dated August 10, 1998, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before February 16, 1999.

On July 31, 1998, Staff Attorney Cassius H. Toon filed the Initial and Final Joint Staff Memorandum to which was attached the Initial and Final Internal Memorandum of Mr. Roy McMillion, Utilities Analyst, Water and Wastewater Division. Messrs. Toon and McMillion explained that the Mercer County Commission expanded the boundaries of the Lashmeet Public Service District and retracted the boundaries of the Oakvale Public Service District to accommodate a Lashmeet Public Service District water project which the County Commission determined to be in the best interest of the citizens of Mercer County. The Lashmeet Public Service District will now provide water service to previously unserved areas of Mercer County. The certificate of publication for the public hearing held by the Mercer County Commission was attached to the petition. Staff recommended that the Commission approve the petition and that the matter be set for public hearing.

By Order dated August 19, 1998, this matter was set for a hearing to be held in the Board Room, Holiday Inn on the Hill, Bluefield, Mercer County, West Virginia, on August 27, 1998. Said Order also provided that the Mercer County Commission give notice of the hearing to be held in this matter on August 27, 1998, by publishing a notice of hearing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Mercer County.

The hearing was held as scheduled on August 27, 1998. The Mercer County Commission appeared by its counsel Mr. William Winfrey, Esquire. The Lashmeet Public Service District was present by its Chairman and members of the Board and by its engineer. Commission Staff was represented by Staff Attorney Cecelia Jarrell. No one appeared in protest to the petition. Counsel for the County Commission submitted the proper affidavit of publication reflecting that publication had been made in accordance with the Commission's requirements.

Since no one appeared in protest to the petition, no evidence was received and the case was submitted for decision as unprotested.

FINDINGS OF FACT

1. On July 21, 1998, the Mercer County Commission filed a petition with the Public Service Commission seeking approval to expand the boundary of the Lashmeet Public Service District and to retract the boundaries of the Oakvale Road Public Service District to accommodate a proposed Lashmeet Public Sesrvice District water project, in accordance with West Virginia Code §16-13A-2. (See application).

2. On July 31, 1998, Staff Attorney Cassius H. Toon filed the Initial and Final Joint Staff Memorandum to which was attached the Initial and Final Internal Memorandum of Mr. Roy McMillion, Utilities Analyst, Water and Wastewater Division. Staff recommended Commission approval of the petition. (See, Initial and Final Joint Staff Memorandum filed July 31, 1998).

3. By Order dated August 19, 1998, this matter was set for a hearing to be held in the Board Room, Holiday Inn on the Hill, Bluefield, West Virginia, on August 27, 1998. Said Order also provided that the Mercer County Commission publish a notice of hearing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Mercer County. (See Order dated August 19, 1998).

4. The hearing was held as scheduled on August 27, 1998. At the hearing, the Mercer County Commission submitted a proper affidavit of publication reflecting that publication had been made in accordance with the Commission's requirements. (See affidavit of publication, case file).

5. No one appeared at the hearing held on August 27, 1998, in protest to the Mercer County Commission petition. (See Tr., p. 4).

CONCLUSION OF LAW

Since the Mercer County Commission gave proper notice of the hearing to be held in this matter on August 27, 1998, and no one appeared in protest to the petition, the petition of the Mercer County Commission seeking consent and approval to expand the boundary of the Lashmeet Public Service District and retract the boundaries of the Oakvale Road Public Service District to accommodate the Lashmeet Public Service District in a water project, filed on July 21, 1998, should be approved as unprotested.

ORDER

IT IS, THEREFORE, ORDERED that the petition of the Mercer County Commission filed on July 21, 1998, seeking consent and approval to expand the boundary of the Lashmeet Public Service District and retract the boundaries of the Oakvale Road Public Service District to accommodate the Lashmeet Public Service District in a water project be, and the same hereby is, 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. Additionally, the Executive Secretary shall serve a copy of this order upon counsel for the Mercer County Commission by facsimile transmission.

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.

Robert W. Glass
Administrative Law Judge

RWG:mal

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 1st day of September, 1998.

CASE NO. 98-0906-PSD-PC
LASHMEET PUBLIC SERVICE DISTRICT and OAKVALE ROAD PUBLIC SERVICE DISTRICT
Petition for consent and approval of boundary adjustments for Lashmeet Public Service District and Oakvale Road Public Service District.

COMMISSION ORDER

On July 21, 1998, the Mercer County Commission filed a petition for consent and approval to adjust the boundaries of Lashmeet Public Service District and Oakvale Road Public Service District.

On August 10, 1998, the Commission referred the proceeding to the Division of Administrative Law Judges for a decision to be rendered on or before February 16, 1999.

On August 19, 1998, Administrative Law Judge Robert Glass entered a Procedural Order establishing a procedural schedule, including a hearing to be held on August 27, 1998 in Bluefield.

On August 31, 1998, Judge Glass entered a Recommended Decision approving the petition.

On August 31, 1998, William Winfrey, counsel of record for the Mercer County Commission filed a motion to waive the fifteen day exception period to the Recommended Decision.

On August 31, 1998, Richard E. Hitt, Chief Counsel, indicated via telecommunications that the motion filed by the County Commission could be waived; and,

West Virginia Code §24-1-9 provides a time period of at least twenty (20) days from the date of a recommended order until it becomes effective. According to West Virginia Code §24-1-9(c), at least fifteen (15) days must be afforded the parties within which to file exceptions. In addition, §24-1-9(e) provides that when no exceptions are filed within the specified time period, the Commission shall have an additional five (5) days within which to stay or postpone the order.

The Commission is therefore of the opinion and belief that said motion of waiver received by the Commission on August 31, 1998, should be granted.

IT IS, THEREFORE, ORDERED that the requested waiver be, and the same hereby is, granted.

IT IS FURTHER ORDERED that the Administrative Law Judge's Recommended Decision in this matter becomes final (5) days after the date of this order.

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

SS/pjh

020049alj061802.wpd

ENTERED
OB 02-AA PAGE

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

ORIGINAL

Entered: June 18, 2002

CASE NO. 02-0049-PWD-PC

MERCER COUNTY COMMISSION and
SUMMERS COUNTY COMMISSION
Petition for consent and approval to enlarge the boundary of Oakvale Road Public Service District to allow water service to additional residents of Mercer County and Summers County.

FINAL
06-26-02

RECOMMENDED DECISION

On January 15, 2002, the Mercer County Commission (MCC) filed a petition with the Public Service Commission for approval to enlarge the boundary of Oakvale Road Public Service District to provide water service to additional residents of Mercer County on Pisgah Road through the Mercer/Summers Regional Water Project. The project will also serve another area located in Summers County.

On February 26, 2002, Commission Staff filed its Initial Joint Staff Memorandum wherein Staff noted that it is currently seeking additional information from the District prior to filing the Staff final recommendation. Staff noted that, along with the present case, the Commission has before it Case No. 02-0050-PWD-PC, Summers County Commission, in which the Summers County Commission (SCC) is seeking to enlarge the boundary of Oakvale Road Public Service District to provide water service to additional residents in the area of Brooks/Barkdale in Summers County.

Commission Staff recommended that Case No. 02-0050-PWD-PC be closed and the contents of that file transferred to the instant case, Case No. 02-0049-PWD-PC. Staff further recommended that this case be renamed, "Mercer County Commission and Summers County Commission".

By a Commission Order entered on March 6, 2002, the Commission's Executive Secretary was ordered to place into this file the contents of Case No. 02-0050-PWD-PC. It was further ordered that this case be renamed "Mercer County Commission and Summers County Commission". It was further ordered that the ALJ Division render its decision in this matter on or before August 13, 2002.

By Procedural Order issued on May 1, 2002, this case was set for a hearing to be held in the Bluefield City Hall, Municipal Board Room, 200

Rogers Street, Bluefield, Mercer County, West Virginia, on May 20, 2002, at 9:30 a.m.

On May 6, 2002, William Winfrey, Counsel for the Mercer County Commission and the Summers County Commission, filed a motion to continue the May 20, 2002 hearing, citing a personal conflict with the hearing date.

By Procedural Order entered on May 7, 2002, the hearing scheduled for May 20, 2002, was cancelled, and rescheduled for May 22, 2002, at 1:30 p.m., in the Bluefield City Hall, Municipal Board Room, 200 Rogers Street, Bluefield, Mercer County, West Virginia. A second hearing was scheduled to be held in the Municipal Office Complex, Council Chambers, 311 Summers Street, Hinton, Summers County, West Virginia, on May 22, 2002, at 9:30 a.m. Commission Staff was ordered to file its Final Joint Staff Memorandum on or before May 10, 2002. Finally, the Summers County Commission was ordered to file a certified copy of its order of November 5, 2001, on or before May 10, 2002.

On May 8, 2002, Ronald E. Robertson, Jr., Staff Attorney, filed a Final Joint Staff Memorandum, attached to which was a Final Internal Memorandum from James Boggess, Utilities Analyst II, Water and Wastewater Division. According to Staff, the Mercer County Commission and the Summers County Commission have complied with their requirements pursuant to West Virginia Code §16-13A-2. In order to meet the remaining requirement of the statute, a Public Service Commission hearing has been scheduled in both Mercer and Summers County.

The May 22, 2002 hearing was held at 9:50 a.m., at the Council Chambers, Municipal Office Complex, 322 Summers Street, Hinton, Summers County, West Virginia. Those present were William S. Winfrey, II, Esquire, on behalf of the Summers County Commission, and Ronald E. Robertson, Jr., Esquire, on behalf of Commission Staff. No protestants were present. At the hearing, Mr. Winfrey filed a certificate of publication showing that publication of the Notice of Hearing was made in The Hinton Daily News, on May 14, 2002. (See, Tr., p. 9).

On this same date, at 1:30 p.m., a hearing was held at the Bluefield City Hall-Municipal Board Room, 200 Roger Street, Bluefield, Mercer County. Those present were William S. Winfrey, II, Esquire, on behalf of the Mercer County Commission, and Ronald E. Robertson, Jr., Esquire, on behalf of Commission Staff. No protestants were present. Mr. Winfrey filed an affidavit of publication showing that publication of the Notice of Hearing was made on May 15, 2002, in The Bluefield Daily Telegraph. (See, Tr., p. 10).

FINDINGS OF FACT

1. On January 15, 2002, the Mercer County Commission and the Summers County Commission filed Orders with the Public Service Commission enlarging the boundaries of Oakvale Road Public Service District to provide water service to additional residents of Mercer County, on Pisgah Road, and to additional residents of Summers County in the Brooks/Parkdale area. (See, Commission Orders filed January 15, 2002).

2. Hearings were held on May 22, 2002, in Mercer County and Summers County, and no protestants appeared. Staff recommended at both hearings that the County Commission Orders to enlarge the boundaries of Oakvale Road Public Service District be approved. (See, Transcripts).

CONCLUSION OF LAW

Since no protests were made in opposition to the petition to enlarge the boundaries of Oakvale Road Public Service District, it is reasonable that the County Commission Orders enlarging the boundary of Oakvale Road Public Service District be approved, as filed.

ORDER

IT IS, THEREFORE, ORDERED that the Orders of the Summers County Commission and of the Mercer County Commission to enlarge the boundaries of Oakvale Road Public Service District, filed herein on January 15, 2002, 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.

Miles C. Cary
Administrative Law Judge

MCC:jas
020049ab.wpd

VERLIN T. MOYE, Clerk
MERCER CO. COMMISSION
1P

Page 1 of 1
PLW Date 07/21/2011
FEE:
00 11/341
Time 10:14:32
0.00

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 : Oakvale Road Public Service District- Board Member

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

(Signature of affiant) Dennis R Cole

Print or type name Dennis Cole

Subscribed and sworn to, before me, in said County and State, this 14th day of June, 2011.

SEAL

Verlin T. Moye

Verlin T. Moye, Clerk

OATH OF OFFICE AND CERTIFICATE

VERLIN T. MOYE, Clerk
MERCER CO. COMMISSION

1P

Page 1 of 1
NJB Date 07/07/2008

00 10/755
Time 15:41:27
FEE: 0.00

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

BOARD MEMBER - OAKVALE ROAD P.S.D.

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 23RD day of MAY, 19 2008

Rudolph D Jennings
RUDOLPH D. JENNINGS
MERCER COUNTY CLERK

OATH OF OFFICE AND CERTIFICATE

RUDOLPH D. JENNINGS, Clerk 1P
MERCER CO. COMMISSION

STATE OF WEST VIRGINIA

COUNTY OF MERCER, TO-WIT:

Page 1 of 1 00 10/725
NJB Date 03/28/2008 Time 10:12:49
FEE: 0.00

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

COMMISSIONER- OAKVALE ROAD PUBLIC SERVICE DISTRICT

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

(Signature of affiant) Richard Nowlin
RICHARD NOWLIN

Subscribed and sworn to, before me, in said County and State, this 24TH day of JANUARY, 2008

Rudolph D Jennings

RULES OF PROCEDURE

OAKVALE ROAD PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: OAKVALE ROAD PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at Princeton, Mercer County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Oakvale Road Public Service District, and in the center "seal" as follows:

Section 4: The fiscal year of the District shall begin on July 1 of each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of 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

LAW OFFICES
WILLIAM S. WINFREY, II.
W. Va. State Bar 4093
1608 West Main Street
Post Office Box 1159
Princeton, West Virginia 24740
bill@winfreylaw.com
Telephone: (304)487-1887 Facsimile: (304)425-7340

March 9, 2011 File No. 08-300

VIA FACSIMILE AND U.S. MAIL

Sandra Squire, Director
Executive Secretary Division
WV Public Service Commission
P. O. Box 812
Charleston, WV 25323

08:43 AM MAR 14 2011 PSC EXEC SEC

Re: Case No. 11-0262-PWD-CN
Oakvale Road Public Service District
Phase IV-A, Mercer/Summers Regional Water Project

Dear Ms. Squire:

Enclosed with this letter you will find thirteen (13) copies of the Certificate of Publication evidencing publication of the Notice of Filing with regard to the above-referenced Project.

Yours very truly,

William S. Winfrey, II

WSW,II/saw
Enclosures
cc: Oakvale Road P.S.D. (w/enc.)
Region I Planning & Development Council (w/enc.)
Stafford Consultants, Incorporated (w/enc.)
Griffith & Associates, PLLC (w/enc.)

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the Public Service Commission of West Virginia, in the City of Charleston n the 1st day of March, 2011.
ASE NO. 11-0262-PWD-CN
AKVALE ROAD PUBLIC SERVICE DISTRICT
Application for a certificate of convenience and necessity to provide water service to the Oakvale and Poplar Grove areas of southeast Mercer County (known as Phase IV-A of the Mercer/Summers Regional Water Project)

NOTICE OF FILING

On February 28, 2011, Oakvale Road Public Service District (District) filed a verified application for a certificate of convenience and necessity to provide water service to the Oakvale and Poplar Grove areas of southeast Mercer County, West Virginia (known as Phase IV-A of the Mercer/Summers Regional Water Project. Case No. 94-0098-PWD-PC-CN-PW).

The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

Oakvale Road Public Service District estimates that construction will cost approximately $7,862,000.00. It is proposed that the construction will be financed as follows:

USDA Loan	$3,400,000.00
USACOE Grant	$ 700,000.00
ARC Grant	$1,388,000.00
WV BPH Design Grant	$ 200,000.00
Small Cities Block Grant	$1,500,000.00
Governors Contingency Grant	$ 341,000.00
WVAWC & ORPSD Contribution	$ 333,000.00

The District anticipates charging the following existing rates for its customers:

RATE

First	1,500	gallons used per month at the minimum charge
Next	28,500	gallons used per month $9.2022 per 1,000 gallons
Next	870,000	gallons used per month $6.0598 per 1,000 gallons
Next	8,100,000	gallons used per month $4.4090 per 1,000 gallons
All Over	9,000,000	gallons used per month $2.8680 per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than the following amount, according to the size of the meter installed:

3/4	inch meter or less	$ 20.75 per month
1	inch	$ 50.84 per month
1-1/2	inch	$ 100.95 per month
2	inch	$ 161.21 per month
3	inch	$ 301.68 per month
4	inch	$ 502.34 per month
6	inch	$1,004.01 per month
8	inch	$1,606.04 per month

DISCONNECT
$20.00

RECONNECT
$20.00

RETURNED CHECK CHARGE
Actual Bank charge not to exceed $15.00

INCREMENTAL COST OF WATER
$.30 per 1,000 gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

DELAYED PAYMENT PENALTY
The District's tariffs are net. On all current usage bills not paid within twenty-one (21) days of the date of bill, ten percent (10%) will be added to the net amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

SERVICE CONNECTION (TAP) FEE
Applicable to the entire Service Territory of West Virginia-American Water Company.

AVAILABILITY OF SERVICE
Available for residential, commercial, industrial, other public authority, and sales for resale customers.

CONNECTION (TAP) FEES
All Meter Sizes Connection $300.00
Effective: March 26, 2009
Issued: April 27, 2009
Issued under authority of an Order of the Public Service Commission of West Virginia in Case No. 08-0900-W-42T (West Virginia-American Water Company)

No increase in water rates will result from the proposed project.

The District does not have any resale customers.

The requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Anyone desiring to protest or intervene should file a written protest or request to intervene within thirty (30) days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or request to intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or request to intervene. Requests to intervene must comply with the rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and requests to intervene should be addressed to Sandra Squire, Executive Secretary, P. O. Box 812, Charleston, West Virginia 25323.

In the absence of substantial protest received within thirty (30) days of this publication, the Commission may waive formal hearing and grant the application based on the Commission's review of the evidence submitted with the application.

OAKVALE ROAD PUBLIC SERVICE DISTRICT

CERTIFICATE OF PUBLICATION

State of West Virginia,

To-wit:-

County of Mercer,

Teresa L. Dye of the Bluefield Daily Telegraph, a daily 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

One (1) Time(s)

on the following day(s), namely: March 8 in the year 2011.

Publication Fee $153.56

Teresa A. Dye

Subscribed and sworn to before me this 8th day of March 2011.

My Commission expires Dec 16 2018.

Teresa Moore

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TERESA MOORE
BLUEFIELD DAILY TELEGRAPH
928 BLUEFIELD AVE.
BLUEFIELD, WV 24701
My commission expires December 16, 2018

1187 3x8 3/4

Oakvale Road Public Service District

Water Revenue Bonds, Series 2011 A
(West Virginia Infrastructure Fund)

EXCERPT OF MINUTES ON ELECTION OF OFFICERS, ADOPTION OF BOND RESOLUTION, SUPPLEMENTAL RESOLUTION AND DRAW RESOLUTION

The undersigned SECRETARY 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 District:

*** *** ***

Oakvale Road Public Service District met, pursuant to notice duly posted, on the 1st day of September, 2011, in Princeton, West Virginia, at the hour of 12:00 p.m.

PRESENT: Hillis Warren, Chairman
Dennis Cole
Richard Nowlin
Pamela Browning, General Manager
Katy Mallory, P.E., Steptoe & Johnson PLLC
LeAnn Croy, Region 1
Stacy Fowler, Stafford Consultants

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

Richard Nowlin made the motion that Hillis Warren be elected Chairman for calendar year 2011. The motion was seconded by Dennis Cole and it was unanimously approved.

Richard Nowlin made the motion that Dennis Cole be elected Secreatry for calendar year 2011. The motion was seconded by Hillis Warren and it was unanimously approved.

The following members were elected to the following offices for the 2011 calendar year:

Hillis Warren- Chairman
Dennis Cole - Secretary

Next, Pam Browning presented the Schedule B ("Budget") for the Phase IV project.. Thereupon, on motion duly made by Richard Nowlin and seconded by Dennis Cole, it was unanimously approved.

Next, Pam Browning and LeAnn Croy presented a proposed First Draw Resolution for the approval of invoices in the amount of $17,500 from the construction loans. Thereupon, on motion duly made by Richard Nowlin and seconded by Dennis Cole, it was unanimously ordered that the said Draw Resolution be adopted.

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

RESOLUTION AUTHORIZING ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS 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 NOT MORE THAN $3,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 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 by Dennis Cole and seconded by Richard Nowlin, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

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

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2011 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 FUND THE RESERVE ACCOUNT; APPROVING THE AMENDMENT TO OPERATION AND

MAINTENANCE AGREEMENT; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Richard Nowlin and seconded by Dennis Cole, it was unanimously ordered that the said Supplemental Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed First Draw Resolution for the approval of invoices from the construction loans. Thereupon, on motion duly made by Richard Nowlin and seconded by Dennis Cole, it was unanimously ordered that the said Draw Resolution be adopted.

Next, Stacy Fowler presented a proposed Notice of Award for the construction contracts and indicated a tentative date for a pre-construction meeting would be September 22, 2011 which allows time for the contractors to return their documents and the Districts attornet time to review them. Thereupon, on motion duly made by Dennis Cole and seconded by Richard Nowlin, it was unanimously approved.

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Oakvale Road Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 8th day of September, 2011.

Dennis R Cole
Secretary

Oakvale Road Public Service District

Water Revenue Bonds, Series 2011 A
(West Virginia Infrastructure Fund)

EXCERPT OF MINUTES ON ELECTION OF OFFICERS, ADOPTION OF BOND RESOLUTION, SUPPLEMENTAL RESOLUTION AND DRAW RESOLUTION

The undersigned SECRETARY 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 District:

*** *** ***

Oakvale Road Public Service District met, pursuant to notice duly posted, on the 1st day of September, 2011, in Princeton, West Virginia, at the hour of 12:00 p.m.

PRESENT: Hillis Warren, Chairman
Dennis Cole
Richard Nowlin
Pamela Browning, General Manager
Katy Mallory, P.E., Steptoe & Johnson PLLC
LeAnn Croy, Region 1
Stacy Fowler, Stafford Consultants

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

Richard Nowlin made the motion that Hillis Warren be elected Chairman for calendar year 2011. The motion was seconded by Dennis Cole and it was unanimously approved.

Richard Nowlin made the motion that Dennis Cole be elected Secreatry for calendar year 2011. The motion was seconded by Hillis Warren and it was unanimously approved.

The following members were elected to the following offices for the 2011 calendar year:

Hillis Warren- Chairman
Dennis Cole - Secretary

Next, Pam Browning presented the Schedule B ("Budget") for the Phase IV project.. Thereupon, on motion duly made by Richard Nowlin and seconded by Dennis Cole, it was unanimously approved.

Next, Pam Browning and LeAnn Croy presented a proposed First Draw Resolution for the approval of invoices in the amount of $17,500 from the construction loans. Thereupon, on motion duly made by Richard Nowlin and seconded by Dennis Cole, it was unanimously ordered that the said Draw Resolution be adopted.

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

RESOLUTION AUTHORIZING ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS 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 NOT MORE THAN $3,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2011 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 by Dennis Cole and seconded by Richard Nowlin, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

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

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2011 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 FUND THE RESERVE ACCOUNT; APPROVING THE AMENDMENT TO OPERATION AND

MAINTENANCE AGREEMENT; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Richard Nowlin and seconded by Dennis Cole, it was unanimously ordered that the said Supplemental Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed First Draw Resolution for the approval of invoices from the construction loans. Thereupon, on motion duly made by Richard Nowlin and seconded by Dennis Cole, it was unanimously ordered that the said Draw Resolution be adopted.

Next, Stacy Fowler presented a proposed Notice of Award for the construction contracts and indicated a tentative date for a pre-construction meeting would be September 22, 2011 which allows time for the contractors to return their documents and the Districts attornet time to review them. Thereupon, on motion duly made by Dennis Cole and seconded by Richard Nowlin, it was unanimously approved.

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Oakvale Road Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 8th day of September, 2011.

Dennis R Cole

Secretary

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 9/8/2011

ISSUE: Oakvale Road Public Service District
Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund)

ADDRESS: _____ COUNTY: Mercer

PURPOSE OF ISSUE:
New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 9/8/2011
CLOSING DATE: 9/8/2011
ISSUE AMOUNT: $3,400,000
RATE: 0%
1ST DEBT SERVICE DUE: 12/1/2013
1ST PRINCIPAL DUE 12/1/2013
1ST DEBT SERVICE AMOUNT $22,369.00
PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK:
Bank: New Peoples Bank
Contact: Lynn Mayberry
Phone: 304.487.9800

ESCROW TRUSTEE:
Firm: _____
Contact: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact: Pamela Browning
Position: General Manager
Phone: 304.487.2750

OTHER:
Agency: _____
_____
Contact: _____
Position: _____
Phone: _____

DEPOSITS TO MBC AT CLOSE
By: _____ Wire _____ Accrued Interest: $ _____
_____ Check _____ Capitalized Interest: $ _____
_____ Reserve Account: $ _____
_____ Other: $ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire _____ To Escrow Trustee $ _____
_____ Check _____ To Issuer $ _____
_____ IGT _____ To Cons. Invest. Fun $ _____
_____ To Other: _____ $ _____

NOTES: The Series 2011 A Bonds Reserve Account will be funded by a Letter of Credit

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

RESERVED

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

NEW PEOPLES BANK, Princeton, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of Oakvale Road Public Service District (the "Issuer") adopted by the Issuer on September 1, 2011, and a Supplemental Resolution adopted by the Issuer on September 1, 2011 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), dated September 8, 2011, issued in the original aggregate principal amount of $3,400,000 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 8th day of September, 2011.

NEW PEOPLES BANK

Lynn M Mayberry, V.P.
Authorized Officer

667990.00002

5697163

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Oakvale Road Public Service District Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), dated September 8, 2011, issued in the original aggregate principal amount of $3,400,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 8th day of September, 2011.

THE HUNTINGTON NATIONAL BANK

Authorized Officer

667990.00002

5697166

OAKVALE ROAD PUBLIC SERVICE DISTRICT

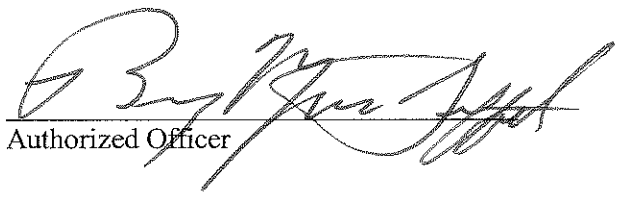
Water Revenue Bonds, Series 2011 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of Oakvale Road Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Water Revenue Bond, Series 2011 A (West Virginia Infrastructure Fund), of the Issuer, dated September 8, 2011, in the principal amount of $3,400,000, numbered AR-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 8th day of September, 2011.

THE HUNTINGTON NATIONAL BANK



Authorized Officer

667990.00002

5697129

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2011 A
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 8th day of September, 2011, by and between OAKVALE ROAD PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $3,400,000 Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), in fully registered form (the "Bonds"), pursuant to a Bond Resolution of the Issuer duly adopted September 1, 2011, and a Supplemental Resolution of the Issuer duly adopted September 1, 2011 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the

Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Oakvale Road Public Service District
P.O. Box 1061
Princeton, West Virginia 24740
Attention: Chairman

REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

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

Chairman

THE HUNTINGTON NATIONAL BANK

Authorized Officer

667990.00002

5697134

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

The Huntington National Bank
Private Financial Group-WE3027
900 Lee Street, 2nd Floor
P.O. Box 633
Charleston West Virginia25322-0633

Huntington

STATEMENT OF REGISTRAR'S FEES
Invoice Date September 8, 2011

Oakvale Road Public Service District
Account Number 6089001809

Oakvale Road Public Service District
Water Revenue Bonds, Series 2011 A
c/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR September, 2011

****

TOTAL AMOUNT	$ 500.00
TOTAL DUE	**$ 500.00**

MAIL CHECK TO:
THE HUNTINGTON NATIONAL BANK
ATTN: BARRY GRIFFITH – WE3013
PO BOX 633
CHARLESTON, WV 25322-0633

PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304) 348-5035

STATEMENT OF REGISTRAR'S FEES

This **FOURTH AMENDMENT TO AGREEMENT** made as of the 8th day of September, 2011 ("Fourth 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"); a Second Amendment to Agreement dated as of October 26, 1999 ("Second Amendment"); and Third Amendment to Agreement dated June 4, 2002 ("Third Amendment");

WHEREAS, as amended by the Third 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) June 4, 2042;

WHEREAS, the District has received a loan commitment from the West Virginia Infrastructure and Jobs Development Council (the "Council") to loan the District approximately $3,400,000 for a 40-year term non-interest bearing (the "Loan") for the District's use in constructing additions, extensions, betterments and improvements to its distribution system, to be evidenced by a revenue bond 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 "2011 Bond");

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 2011 Bond exists; 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 existing bonds described in the aforedescribed amendments to the Agreement and the 2011 Bond (collectively the "Bonds"), which use fee obligation shall be reduced over time as the Bonds mature,

retire or are defeased by the consent of the Company and District with Public Service Commission approval if required.

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of the Fourth 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 Third 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 Fourth 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 provide to the District a Use Fee of no more than $750,000 annually to be comprised of the following two components:

A. An annual amount not to exceed $745,000 (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"), which amount shall be reduced as loans are retired or defeased:

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;

iv. A loan from the Council to the District made on June 4, 2002 and evidenced by the District's Water Revenue Bonds, Series 2002 A, issued in the original aggregate principal amount of $558,620; and

v. A loan expected to be made on or about the date of this Fourth Amendment by the Council to the District in the amount of $3,400,000 and expected to be evidenced by the District's Water Revenue Bonds, Series 2011 A, to be issued in the original aggregate principal amount of $3,400,000 for a 40-year term non-interest bearing.

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 Use Fee 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 not to exceed $5,000 to be used to meet any other obligation of the Company to the District under this Agreement with respect to the Loans. This is not construed to replace or amend Section VI (D) of the Agreement dated May 8, 1995.

4. Except as amended and modified herein, the Agreement shall remain in full force and effect.

[Remainder of Page Intentionally Blank]

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 Fourth 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: _____

Wayne D. Morgan

Its President

OAKVALE ROAD PUBLIC SERVICE DISTRICT

By: _____

Its Chairman

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 30th day of September, 2011, by WAYNE D. MORGAN, President of West Virginia-American Water Company, a West Virginia corporation, on behalf of said corporation.

My commission expires 9/30/20.

_____

Notary Public

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
Linda S. Bouvette
189 Burning Springs Road
Belle, WV 25015
My Commission Expires Sept. 30, 2020

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, to-wit:

The foregoing instrument was acknowledged before me this _____ day of September, 2011, by _____, Chairman of Oakvale Road Public Service District, a public corporation, on behalf of said corporation.

My commission expires _____.

_____

Notary Public

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 Fourth 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: _____

Wayne D. Morgan

Its 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 _____ day of September, 2011, by WAYNE D. MORGAN, President of West Virginia-American Water Company, a West Virginia corporation, on behalf of said corporation.

My commission expires _____.

_____

Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, to-wit:

The foregoing instrument was acknowledged before me this 1st day of September, 2011, by Hillis Warren, Chairman of Oakvale Road Public Service District, a public corporation, on behalf of said corporation.

My commission expires August 10, 2021.

Katy Mallory

Notary Public

Official Seal
Notary Public, State of West Virginia
Katy Mallory
130 Ridgewood Forest
St. Albans, WV 25177
My Commission Expires August 10, 2021

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").

WITNESSETH:

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
Its Vice President

OAKVALE ROAD PUBLIC SERVICE DISTRICT

By: _____
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 Hues Conner, Chairman of Oakvale Road Public Service District, a public corporation, on behalf of said corporation.

My commission expires 29 Nov 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

This SECOND AMENDMENT TO AGREEMENT made as of the 26th day of October, 1999 ("Second Amendment"), by and between WEST VIRGINIA-AMERICAN WATER COMPANY, a West Virginia corporation ("Company") and the 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 ("District").

WITNESSETH:

WHEREAS, Company and 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, Company and District amended the Agreement by an Amendment to Agreement dated as of December 4, 1996 ("First Amendment");

WHEREAS, under Article III of the Agreement, the term thereof was for a period of 40 years from May 8, 1995;

WHEREAS, the First Amendment extended the term of the Agreement until December 1, 2036;

WHEREAS, the District has entered into certain financial arrangements with the West Virginia Infrastructure and Jobs Development Council (the "Council") pursuant to which the Council has loaned the District significant amounts of money, the debt service on which will be paid from payments made by the Company to or on behalf of the District under the Agreement;

WHEREAS, the District's Water Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), are anticipated to have a final debt service payment due on September 1, 2039; and

WHEREAS, the parties desire that the Agreement be coterminous with the date of final debt service payment on the District's Water Revenue Bonds issued for this Project.

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of the Second Amendment and which are not to be construed as mere recitals, the covenants and agreements contained herein and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged, the parties agree as follows:

1. The First Amendment is hereby canceled and shall be of no further force or effect.

2. The term of the Agreement shall extend until the sooner to occur of (i) the payment in full or defeasance of the principal of and interest on the District's Water Revenue Bonds, Series 1996 B, the District's Water Revenue Bonds, Series 1999 A, and the District's Water Revenue Bonds, Series 1999 B; or (ii) September 1, 2039; provided, that the Agreement may continue in effect after the sooner to occur of these two events from year to year by mutual consent of the parties.

3. That 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 Agreement to be signed, by their proper officers thereunto duly authorized, all as of the day and year first above written.

WEST VIRGINIA-AMERICAN WATER COMPANY

By: Michael A. Miller
Michael A. Miller
Its Vice President

OAKVALE ROAD PUBLIC SERVICE DISTRICT

By: Bonnie L. Stevens
Its Chairman

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 26 day of October, 1999, by Michael A. Miller, Vice President of West Virginia-American Water Company, a West Virginia corporation, on behalf of said corporation.

My commission expires February 26, 2002.

Patti Hedrick
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PATTI HEDRICK
153 MAPLEWOOD ESTATES
SCOTT DEPOT, WV 25560
My Commission Expires February 26, 2002

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, to-wit:

The foregoing instrument was acknowledged before me this 4th day of November, 1999, by Ronnie Stump, Chairman of Oakvale Road Public Service District, a public corporation, on behalf of said corporation.

My commission expires January 17, 2004.

Barbara B Meadows
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BARBARA B. MEADOWS
WV WATER DEVELOPMENT AUTHORITY
180 ASSOCIATION DRIVE
CHARLESTON, WV 25311
My Commission Expires Jan. 17, 2004

This AMENDMENT TO AGREEMENT made as of the 4th day of December, 1996, by and between WEST VIRGINIA-AMERICAN WATER COMPANY, a West Virginia corporation (hereinafter "Water Company") and the OAKVALE ROAD PUBLIC SERVICE DISTRICT, a public corporation established under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (hereinafter "District").

WITNESSETH:

WHEREAS, Water Company and District entered into an agreement dated as of the 8th day of May, 1995 (the "Agreement"), pursuant to which the Water Company undertook to take certain actions relating to the operation and maintenance of certain water transmission and distribution facilities, more completely described therein;

WHEREAS, under Article III of the Agreement, the term thereof was for a period of 40 years from May 8, 1995;

WHEREAS, the District has entered into certain financial arrangements with the West Virginia Infrastructure and Jobs Development Council (the "Council") pursuant to which the Council has loaned the District significant amounts of money, the debt service on which will be paid from payments made by the Water Company to or on behalf of the District under the Agreement;

WHEREAS, the financing for the District will run for a period of 40 years with the last payment due December 1, 2036; and

WHEREAS, it is the intention of the parties that the Agreement be coterminous with the period of the financing for the District.

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of the Agreement and which are not to be construed as mere

recitals, the covenants and agreements contained herein and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged, the parties agree as follows:

1. That the term of the Agreement shall be extended to December 1, 2036.

2. That 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, have caused this Agreement to be signed, by their proper officers thereunto duly authorized, all as of the day and year first above written.

WEST VIRGINIA-AMERICAN WATER COMPANY

Witness: _____

By: _____
Michael A. Miller
Its Vice President

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Witness: _____

By: _____
Its Chairman

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 4th day of December, 1996, by Michael A. Miller, Vice President of West Virginia-American Water Company, a West Virginia corporation, on behalf of said corporation.

My commission expires April 27, 1998.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KARRIE M. MATTOX
P. O. Box 956
Poca, WV 25159
My Commission Expires 4-27-1998

Karrie M. Mattox
Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, to-wit:

The foregoing instrument was acknowledged before me this 4th day of December, 1996, by Ronnie Stump, Chairman of Oakvale Road Public Service District, a public corporation, on behalf of said corporation.

My commission expires April 27, 1998.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KARRIE M. MATTOX
P. O. Box 956
Poca, WV 25159
My Commission Expires 4-27-1998

Karrie M. Mattox
Notary Public

55060

THIS AGREEMENT is made as of this 8th day of May, 1995, by and between WEST VIRGINIA-AMERICAN WATER COMPANY, a West Virginia corporation (hereinafter "Water Company"), and OAKVALE ROAD PUBLIC SERVICE DISTRICT, a public corporation established under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (hereinafter "District").

W I T N E S S E T H:

WHEREAS, pursuant to Orders of the Public Service Commission of West Virginia ("Commission") entered on December 13, 1988 and January 3, 1989, in PSC Case No. 88-155-W-CN, the Commission approved an Agreement between District and Water Company relating to the operation of certain water distribution mains and related facilities in an area east of Princeton, West Virginia, known as Halls Ridge, constructed by the County Commission of Mercer County, West Virginia, and conveyed to District;

WHEREAS, pursuant to an Intergovernmental Agreement dated April 22, 1993, between and among District, the County Commission of Mercer County, the County Commission of Summers County, the City of Princeton, and the City of Hinton (hereinafter collectively sometimes referred to as the "Intergovernmental Group"), District has agreed with the Intergovernmental Group to accept certain responsibilities with respect to receipt of bids, awarding of contracts, construction of certain water transmission and distribution mains and the ownership of those facilities to be constructed with public funds; and

WHEREAS, under the Intergovernmental Agreement and this Agreement, District and the Intergovernmental Group agree to yconstruct certain Phase I facilities at an estimated cost of approximately $16.746 million in order to serve approximately 600 potential customers within the expanded service area of District, all as generally shown in gray on a schematic prepared by Water Company dated May, 1995, and captioned "Region I Planning and Development Council, Mercer/Summers Water Project" ("District Plan"), a copy of which is attached to and incorporated in this Agreement as Exhibit A; and

WHEREAS, District has requested Water Company to provide District with a supply of potable water from the new Treatment Plant to be constructed by Water Company at True, West Virginia ("Bluestone Treatment Plant"), along with a raw water Intake Structure and Raw Water Line and related pumping and storage facilities described in more detail in this Agreement, in order to permit Water Company and District to provide water service to those customers to be served under an overall project between the Intergovernmental Group and Water Company described generally as the "Mercer/Summers County Water Supply Project" (hereinafter "Mercer/Summers County Water Supply Project" or "Project"), it having been determined by District that Water Company is the best available source of potable water for that area; and

WHEREAS, Water Company and District, in order to provide District with a supply of potable water, propose to design and construct a Raw Water Intake Structure, Raw Water Line, the

Bluestone Treatment Plant and transmission and distribution mains and other facilities more fully described below; and

WHEREAS, Water Company, upon completion of the Bluestone Treatment Plant, will have sufficient treatment and storage capacity to supply the estimated needs of all of the existing or proposed customers to be served by the Mercer/Summers County Water Supply Project, including the customers of Water Company currently receiving service from Water Company's Hinton and Princeton Treatment Plants; and

WHEREAS, District, as a result of the arrangements contemplated by this Agreement and the Intergovernmental Agreement and certain funds available to the Intergovernmental Group, will be able to obtain the construction of water transmission and distribution facilities to serve certain residents under the Project; and

WHEREAS, Company proposes to construct and own any storage facilities provided under Phase I or Phase II of the Mercer/Summers County Water Supply Project; and

WHEREAS, District believes it is in the best interest of District and its proposed customers for Water Company to operate, maintain, repair and replace the water transmission and distribution facilities owned by District after their construction; and

WHEREAS, District and Water Company desire to provide adequate potable water to District customers and to provide

assistance in the operation, maintenance, repair and replacement of the distribution and transmission facilities of District.

NOW, THEREFORE, for and in consideration of the premises, which are hereby made an integral part of this Agreement and which are not to be construed as mere recitals, the covenants and agreements contained herein and other good and valuable considerations, the receipt and sufficiency of all of which are hereby acknowledged, Water Company and District agree:

I. Construction of Water Facilities.

After the conditions precedent described in Section XIII have been satisfied, the parties shall proceed promptly and diligently to construct the following facilities:

A. Proposed Construction Funded and Owned by Water Company.

Under Phase I of the Project, Company will construct a Raw Water Intake Structure and related Raw Water Line and construct the Bluestone Treatment Plant, a 5 MGD facility, at True, West Virginia and the related storage facility and piping to provide service to Company's Hinton and Princeton Districts, Pipestem State Park and unserved areas along the transmission mains. Under Phase I of the Project, the estimated total cost of Company's construction is approximately $23,000,000. All of Water Company's proposed construction shall be hereinafter collectively referred to as "Water Company Facilities," and the approximate locations of Water Company Facilities are shown in blue on Exhibit A to this Agreement.

B. District Proposed Construction.

Under Phase I, District, in cooperation with the Intergovernmental Group and in furtherance of this Agreement, shall, at its sole cost and expense, design, purchase and install the following transmission and distribution lines at the estimated cost indicated:

Public Construction	Estimated Cost of Construction
Transmission Mains Distribution Mains	$ _____ _____
Total Cost to Intergovernmental Group	**$ 16,746,285**

These facilities in Phase I will initially serve approximately 600 customers in the District service area, the District service area being shown on the schedule attached as Exhibit A to this Agreement. In addition, under Phase II of the Project, the Intergovernmental Group has agreed to construct approximately an additional $5,004,000 of distribution mains, all as generally shown in yellow on Exhibit A. All of District's proposed construction shall be hereinafter collectively referred to as "District Facilities."

C. Estimated Cost of Construction. It is estimated that the total cost of construction of Phase I of Water Company Facilities and Phases I and II of the District Facilities will be $44,750,285. Water Company will pay the approximate cost of $23,000,000 for Water Company Facilities, and District and the Intergovernmental Group will pay the cost of $16,746,285 to construct Phase I, all as set forth below. District and

Intergovernmental Group will pay the estimated cost of $5,004,000 for Phase II of District Facilities.

MERCER/SUMMERS REGIONAL WATER SUPPLY PROJECT
PHASE I
PRELIMINARY PROJECT COST/SOURCE OF FUNDS

SOURCE OF FUNDS:

WEST VIRGINIA-AMERICAN WATER CO.	$ 23,000,000
INFRASTRUCTURE/WDA LOAN - "JOINT USE"	$ 7,303,084
SMALL CITIES BLOCK GRANT	$ 3,000,000
ARC GRANT	$ 990,318
CORPS OF ENGINEERS GRANT	$ 2,100,000
EDA GRANT	$ 990,000
INFRASTRUCTURE COUNCIL LOAN	$ 7,366,083
TOTAL ESTIMATED COST OF PROJECT	$ 44,750,285

II. Supply of Water to Customers of District.

A. Upon completion of construction of Water Company Facilities and District Facilities, Water Company agrees to provide to District customers served from District Facilities, subject to the terms, conditions, undertakings, agreements and limitations provided in this Agreement, the total water requirements of the customers of District, said water delivered to District's customers to be of the same quality as that supplied to Water Company's customers in its Princeton and Hinton Districts. Water Company will be paid for the water supplied to District customers in the manner set forth in Section VI of this Agreement at the rates of Water Company from time to time established pursuant to Chapter 24 of the West Virginia Code, as amended.

B. Water Company shall monitor the water quality and be responsible for compliance with all state and federal standards for furnishing water to the public.

C. If at any time during construction of Water Company Facilities or District Facilities, Water Company agrees to provide water to a portion of the customers served from District Facilities, such water shall also be provided by Water Company, as agent for District, and paid for by District's customers in the manner set forth in this Agreement. Water Company agrees to use reasonable efforts to coordinate its construction with that of District in order to supply water as set forth above.

D. In the event of an extended shortage of water, or if the supply of water from Water Company is otherwise diminished or impaired, the supply of water to the customers of District shall be reduced or diminished in approximately the same proportion as the supply of the water to customers of Water Company's Hinton and Princeton Districts is reduced or diminished. Any notification given to Water Company's Hinton or Princeton District customers of any anticipated shortage of water shall also be given to customers of District.

III. Term of this Agreement.

The term of this Agreement shall extend for forty (40) years from the date hereof and thereafter may continue in effect from year to year after the 40-year term of the Agreement by mutual consent of the parties.

IV. Plans and Specifications for District Facilities.

A. The Intergovernmental Group has retained the services of the consulting engineering firm of Stafford Consultants, Inc., P.O. Box 5849, Princeton, West Virginia 24740 to prepare the necessary plans and specifications and to prepare estimates of the cost of construction of District Facilities. Prior to preparation of the necessary bidding documents, District will submit the plans and specifications for District Facilities to Water Company for approval.

B. Water Company shall have the right, but not the obligation, to inspect the construction of District Facilities. District shall have the obligation to provide a full time, qualified resident project representative to assist District in determining that construction under this Agreement is conducted in accordance with the District Plan. In the event an inspection by Water Company or such District inspector during construction of District Facilities or of the construction techniques or methods employed by, or for, District or its contractor during construction reveals that construction of District Facilities is not proceeding according to the Plan, Water Company shall, within 15 days of any inspection by Water Company or within 15 days of being advised of such deficiencies in construction by the District inspector, give written notice thereof to District, with a copy of such notice to the County Commissions of Summers and Mercer County, and District hereby agrees that it will correct, or cause its contractor to correct, such discrepancy within 45 days of receipt of such notice.

C. Water Company and District are participating in the U.S. Army Corps of Engineers ("Corps of Engineers") demonstration project grant as a part of Phase II of the Project, and Water Company and District agree that they will accept the completed Corps of Engineers project water lines upon completion of that portion of the Project.

D. In the event District or its contractor refuses to correct such discrepancy, then Water Company, at its sole option, shall have the right to be reimbursed for the cost and expense of making any installations, relocations, replacements, maintenance or repairs on such discrepancy and to treat such discrepancy as provided in Section VI hereof.

E. In the event this Agreement becomes null and void under this Section IV, Water Company shall not be liable for any costs or damages as a result thereof.

V. Operation and Maintenance of District Facilities by Water Company for District.

A. Except as otherwise provided in this Agreement, Water Company hereby agrees, at its expense, to operate, maintain, repair and replace (i) District Facilities described in Section IB of this Agreement, and (ii) all other water lines or other facilities added thereto with the written approval of Water Company and District. The obligation of Water Company to operate, maintain, and repair District Facilities at its own expense shall be limited to routine operation, maintenance and repair of District Facilities; provided, however, Water Company's obligation to

operate, maintain, and repair the District Facilities shall not include the obligation to install, relocate or replace any "unit of property" within District Facilities or hereafter constructed and included within this Agreement as defined in the Uniform System of Accounts of the National Association of Regulatory Utility Commissioners ("NARUC"), nor shall Water Company be under any obligation to maintain, repair or replace at its expense, any condition, defect or malfunction arising from the installation of District Facilities which fail to meet the standards of Water Company, if such discrepancy in installation is reported in writing by Water Company to District and to the County Commissions of Mercer and Summers Counties within 15 days of discovery as provided in Section IV.

B. In the event Water Company, under the terms of this Agreement, is required to install, relocate or replace any "unit of property" within District Facilities or hereafter constructed and included within this Agreement as defined in the Uniform System of Accounts of the National Association of Regulatory Utility Commissioners ("NARUC"), Water Company shall make such installation, relocation or replacement at the cost of the District.

C. In the event that it becomes necessary to install, relocate or replace any unit of property or any condition, defect or malfunction arising from faulty installation for which notice as hereinabove set forth has been given to District by Water Company, such installation, replacement or relocation shall be made by a

contractor selected by the PSD or by Water Company upon notification by District using funds advanced by Water Company for which Water Company shall be reimbursed under the billing procedures set forth in Section VI below.

VI. Reading Meters, Billing of Customers and Payments to District for Surcharges to District Customers.

A. All customers served directly from District Facilities under this Agreement shall be the customers of District. In addition, Water Company and District agree that any customers served from the 8-inch water line from the Bluestone Treatment Plant to the north side of the Bluestone Lake shall also be customers of District. Water Company shall, at its expense, read all meters of the customers of District and render bills to those customers as agent for and on behalf of District in a manner consistent with the meter reading and billing practices of Water Company employed in billing its own customers, such bills to be rendered and collected by Water Company on behalf of District and to be computed based on the usage of each District customer at the rates of District from time to time established pursuant to Chapter 24 of the West Virginia Code, as amended.

B. The bills delivered by Water Company to each customer of District on behalf of District shall reflect the amount due for the water used (such amount to be determined by applying the rates of District to the consumption of water by District's customers as determined by monthly or estimated meter readings). The bills delivered to the customers of District shall be delivered

by, and shall be payable to, Water Company as agent for District.

C. Water Company, in consideration of the respective rights, duties, obligations, agreements and undertakings of the parties under this Agreement, shall be entitled to receive from District an amount which will be the total of each customer's bill based on the consumption of each individual District customer at Water Company rates from time to time established pursuant to Chapter 24 of the West Virginia Code, as amended. Water Company shall prepare and deliver a monthly statement to District which shall reflect the total amount collected by Water Company as agent for District and the total amount retained by Water Company for the water service provided to customers of District at the respective rates of District and Water Company. A customer of District shall be charged a municipal B & O surcharge on usage only if that customer resides within a municipality which imposes such a surcharge. In addition, the monthly statement to be provided to District by Water Company will also include the costs of any installations, relocations, replacements, maintenance or repairs that have been made by Water Company at the cost of District pursuant to Section IV, any additions or extensions, and related refunds, made at the cost of District under Section VIII, and the cost of any fire hydrants under Section XI installed at the cost of District.

D. In addition to such other obligations, duties and responsibilities set forth in this Agreement, as amended, Water

Company also agrees to pay directly to vendors the reasonable costs of the following five items on behalf of District, up to maximum aggregate amount for all five items of $12,000 in each calendar year during the term hereof, upon the receipt of an invoice for such costs from the vendor, which has been approved by District for payment and forwarded by District to Water Company:

1. District Commissioner's Fees
2. Legal and Accounting Expenses
3. Liability Insurance and Bonds
4. Regulatory Commission Fees
5. Miscellaneous Supplies
6. Administrative and Travel Expenses related to the Project

District agrees that the $12,000 provided under this Agreement shall be the total amount to be paid by Water Company to District under this or prior agreements between Water Company and District for such services, and shall not be in addition to any amounts provided under the prior agreement between Water Company and District. In the event that either Water Company or District believes that the maximum aggregate amount of $12,000 is inadequate or excessive to pay the reasonable costs of the above-mentioned five items, then either party may petition the Utilities Division of the Public Service Commission of West Virginia to audit and review the costs incurred by District for such items and to fix the maximum aggregate amount for said items which Water Company will pay pursuant to this Subsection D.

E. As a part of the costs and expenses described in Subsection D of this Section VI, District agrees to have its accountants review, at least annually, at the expense of District,

the system of accounts maintained by Water Company for District and report the results of that review to District, Water Company and the County Commissions of Mercer and Summers County.

VII. Payment by Water Company for the Use of District Facilities:

In exchange for the benefits of having the Water Company's Bluestone Treatment Plant connected to the Water Company's Hinton and Princeton distribution systems through the District Facilities, Water Company will pay District $670,000 per year but only until the debt of the District approved by the Infrastructure Council has been paid in full. This $670,000 payment shall be paid either directly to the account of District or may be offset against amounts due Water Company from District, at the option of Water Company, and will be paid or offset on a monthly basis at the time of the other payments provided in paragraph VI hereof. Of the $670,000 annual payment to District, $660,000 shall be dedicated to service the principal and interest on any debt of District approved by the Infrastructure Council and used to finance the construction of the District Facilities and the remaining $10,000 shall be used to meet any obligations of District to Water Company under this Agreement.

VIII. Future Additions to and Future Extensions of District Facilities.

Water Company and District are aware that there may be written requests by District for future additional use of water by customers of District and that there may be future approved

District additions and extensions made to District Facilities. In addition to the other requirements set forth in this Agreement, District and Water Company hereby specifically agree that such additional use, additions and extensions shall be made only if, in the opinion of Water Company, Water Company has sufficient treatment capacity and distribution and pumping facilities, including transmission and distribution mains, adequate to serve District's customers and if Water Company believes it otherwise economically feasible to meet the total then present and anticipated needs of both the customers of District and the other customers of Water Company's Hinton and Princeton Districts. Further, District and Water Company agree as follows:

A. Future Additions. All future additions to District Facilities constructed by District shall be subject to this Agreement; provided, however, that future additions to the system must be approved by both Water Company and District.

B. Future Extensions. Customer extensions from District Facilities and within District boundary lines may be installed by either District or Water Company. When District receives a request for a customer extension, District shall notify in writing Water Company within fifteen days of its receipt of said request whether District will install the customer extension or desires Water Company to make the installation.

(1) In the event District desires Water Company to install and own the customer extension, (i) Water Company shall contract on its own behalf with the customer requesting the

extension and make the installation pursuant to the Rules and Regulations of the Commission, (ii) all customers attaching to the customer extension shall be considered customers of Water Company for billing purposes at the rates of Water Company, and (iii) the customer extension shall be, without further cost or expenses of any kind, the property of Water Company.

(2) In the event District elects to install and own the customer extension, the construction for that customer extension by District shall be contracted to a contractor acceptable to Water Company, and all plans and specifications for that extension must be submitted to and approved by Water Company before becoming a part of District's system and being subject to this Agreement. When that extension is contracted to a contractor acceptable to Water Company, Water Company, on behalf of and as agent for District, shall contract directly with such contractor to provide the extension. Any extension deposits taken by Water Company on behalf of and as agent for District pursuant to the Rules and Regulations of the Public Service Commission of West Virginia ("Commission") shall be retained by Water Company and credited against the cost of the extension, and the balance of the deposit above the cost of the extension, if any, shall be returned to the contracting customer. Water Company on behalf of and as agent for District, shall make refunds to the contracting customers for the extensions pursuant to the Rules and Regulations of the Commission based on the rates of Water Company, using funds advanced to Water Company by District.

(3) Refunds made pursuant to the Rules and Regulations of the Commission to customers contracting directly with Water Company pursuant to subparagraph VIIIB(1) shall be the sole responsibility of Water Company, and the cost of such extensions, to the extent refunded or reimbursed to customers pursuant to the Commission's Rules and Regulations, shall be properly includable in Water Company's depreciable utility plant in calculating Water company's cost of service and resulting rates.

IX. Installation of Domestic Services.

District shall install and own services and meter installations for the 1,300 customers to be served under this Agreement. The Company will install and own the meters to serve those 1,300 customers. Thereafter, and after the proposed construction of Water Company Facilities and District Facilities provided for this Agreement have been completed, Water Company shall install, in accordance with the Rules and Regulations of the Commission, domestic services lines, including the tap on District Facilities and the service line from District Facilities to the established curb line or within the public right of way nearest the main. This installation shall include the meter setting. All such service lines from District Facilities to District customer's property line, meter settings and taps shall be constructed and installed by Water Company and shall be the property of Water Company. Water Company shall install all meters at its cost, shall own the meters, and shall assume the obligation to repair, maintain and replace the meters.

X. Payment to Water Company Upon Termination of the Agreement.

A. Upon the termination of this Agreement, Water Company will be entitled to receive payment for all water delivered to District customers through the termination date of this Agreement in accordance with the provisions of Section VI of this Agreement, and all water meters installed on District's distribution system at Water Company's expense at the time of such termination will be removed by Water Company. District agrees that it will either replace those meters, install nipples in place of those meters or buy the meters from Water Company at the depreciated original cost of those meters as provided in Subsection C of this Section IX.

B. Upon termination of the Agreement, District also agrees that it will purchase from Water Company, at the depreciated original cost of those items, all utility plant installed at Water Company's expense under Section IX.

C. Upon termination of the Agreement, Water Company shall, within thirty (30) days of such termination, provide District (i) the total cost of all such items described in subparagraphs A and B of this Section X installed at the cost of Water Company and (ii) the total depreciation accrued on all of such items. District agrees that it shall pay to Water Company the total net depreciated cost (original cost less depreciation) of such items over a three year period with such payments to be made in thirty-six (36) equal monthly payments of principal, plus

accrued interest at the "Prime Rate," as defined below, commencing forty-five (45) days after termination of the Agreement. The Prime Rate shall be the prime rate as shown in The Wall Street Journal being defined therein as the "base rate on corporate loans at large U.S. money center commercial banks" and reported as the "PRIME RATE" under the heading "Money Rates," as those terms shall be from time to time changed. The Prime Rate shall change not more often than the first day of each calendar quarter, and for each calendar quarter it shall be determined on the last day of the preceding calendar quarter on which The Wall Street Journal is published with the aforesaid prime rate quotation. In the event that The Wall Street Journal ceases to publish such rates, the Prime Rate shall be the prime rate established by One Valley Bank, National Association, of Charleston, West Virginia, from time to time.

XI. Installation of Private Fire Protection Services.

After the proposed construction provided for in this Agreement has been completed, additional fire services, approved by District, may be installed by Water Company from District Facilities, but only in accordance with the Rules and Regulations of the Commission. Fire service shall be installed by Water Company at the expense of the applicant and shall be billed by Water Company to the applicant and paid by the applicant directly to Water Company at a rate equal to the then approved Water Company's private protection rate.

XII. Installation of Fire Hydrants.

After the original construction provided for in this Agreement has been completed, public fire protection facilities approved by District may be installed on District Facilities covered by this Agreement at the request of an appropriate governmental unit, and installation shall be made pursuant to the Rules and Regulations of the Commission.

XIII. Water Service Franchise Territories.

It is expressly understood and agreed by Water Company and District that:

A. Water Company shall be permitted to install and maintain Water Company Facilities and other facilities within the water service franchise area of District as are necessary to enjoy and fulfill its rights and obligations under this Agreement, subject to the terms and conditions set forth in this Agreement.

B. Except as otherwise provided in this Agreement, all persons served from extensions or additions constructed at the Water Company's expense as described in Section VIII, and served, either at present or in the future, by Water Company shall be considered customers of Water Company.

C. Water Company and District agree that, as part consideration for undertaking this Agreement, Water Company shall have the right at no cost to Water Company, even after termination of this Agreement, to transfer water though District Facilities, and all future additions and future extensions thereto, and to serve customers who may be connected, directly or indirectly, to

Water Company water mains, whether inside or outside District's service area as customers of Water Company.

XIV. Conditions Precedent to Effectiveness of Agreement.

Water Company and District understand and agree that this Agreement, and the obligations of each of them hereunder, are expressly conditioned upon the following, each of which is a condition precedent to the validity and enforceability of this Agreement:

A. The Intergovernmental Group shall have received a firm commitment for the necessary grants and other funding to enable it to carry out its obligations under Section I of this Agreement.

B. The Commission shall have granted a certificate of convenience and necessity for the construction of Water Company Facilities and District Facilities.

C. The Commission shall have approved the rates requested by District in the Joint Application and any and all amendments or supplements to the Joint Application (hereinafter "Joint Application, as amended") filed with the Commission seeking approval of this Agreement, which Joint Application shall be the responsibility of Water Company.

D. District and Water Company shall have acquired all necessary permits from all applicable State and Federal agencies and shall provide evidence to each other, satisfactory to counsel for Water Company and District, that each of them has all of the necessary rights of way, easements, licenses or permits necessary

for the installation of Water Company Facilities and District Facilities; provided, however, that in the event that it is later discovered that District does not have a right of way or easement for a portion of District Facilities this condition precedent shall be deemed satisfied if District acquires such right of way or easement, and the related right of entry, by eminent domain at no cost to Water Company.

E. The Commission shall have approved the Joint Application, as amended, and this Agreement, including all of the terms, conditions, undertakings, agreements, limitations, and transactions under the Joint Application, as amended, and this Agreement, and shall have approved the specific ratemaking treatments and provisions sought by Water Company in this Agreement or in the Joint Application, as amended, prepared and submitted to the Commission seeking approval of this Agreement and the Mercer/Summers County Water Supply Project. Specifically, and without in any way limiting the generality of this condition, the Order approving the Agreement and the transactions contemplated thereby shall:

(1) Authorize the inclusion in depreciable utility plant of Water Company any amounts expended by Water Company [for the cost of installing, replacing or relocating any water lines or facilities on the District system which are defined as a "unit of property," in the NARUC Uniform System of Accounts and which are relocated or replaced by Water Company <u>at its cost</u> pursuant to Section V of this

Agreement] to install service lines, meter settings and taps on the District system pursuant to Section IX;

(2) Authorize Water Company to include in depreciable utility plant an amount equal to the tax expense associated with the obligations assumed by Water Company under the Agreement to the extent that the construction of District Facilities and other facilities undertaken by District, or the undertaking by Water Company to operate, maintain, repair or replace District Facilities under this Agreement, cause the cost of such District construction, or any part thereof, to constitute taxable income or otherwise to generate tax expense for Water Company;

(3) Except to the extent necessary to reflect the increased cost of the Project described in the Joint Application, as amended, not change or modify the rate making treatment contained in the Partial Joint Stipulation between and among the Water Company, the Staff, Consumer Advocate Division and the Intergovernmental Group dated and previously approved by the Commission in its Order of October 28, 1994; and

(4) Grant the other rate relief requested by the Water Company in the Joint Application, as amended.

F. The Commission shall not have attached to its Order any terms, conditions or limitations which, in the sole discretion of either Water Company or District, shall adversely affect this

Agreement or the economic feasibility of this project between the parties or require Water Company, District or the Intergovernmental Group to take any action or refrain from taking any action which, in the opinion of their respective counsel, might require them, or any of them, to breach any of their obligations under any Mortgage Indenture, as supplemented, or any other agreement to which any of them might be a party.

XV. Representations and Warranties.

A. District represents and warrants to Water Company as follows:

(1) The execution, delivery and performance of this Agreement by District have been duly authorized, and this Agreement constitutes a valid and binding obligation of District enforceable in accordance with its terms; and

(2) The execution and performance of this Agreement in accordance with its terms by District will not violate any provisions of law or violate the terms or conditions of any grants or loans made to District or any of the Intergovernmental Group for construction of District Facilities.

B. Water Company represents and warrants to District as follows:

(1) The execution, delivery and performance of this Agreement by Water Company have been duly authorized, and this Agreement constitutes a valid and binding obligation

of Water Company enforceable in accordance with its terms; and

(2) The execution and performance of this Agreement in accordance with its terms by Water Company will not violate any provisions of Water Company's indentures.

XVI. Assignability.

This Agreement shall be binding upon the successors and assigns of the respective parties hereto.

XVII. Notice.

Any notice, demand or request given hereunder shall be deemed sufficient if in writing and sent by certified mail, postal charges prepaid, to West Virginia-American Water Company, Attention: President, P. O. Box 1906, Charleston, West Virginia 25327, and to District addressed to Oakvale Road Public Service District, c/o Mercer County Commission, Attention: County Administrator, Princeton, West Virginia 24740, or to such address as the parties shall indicate by written notice to the other party.

XVIII. Captions.

The captions preceding the text of the subsections of this Agreement are inserted solely for convenience and reference and shall not be used to construe, interpret or affect any provision of this Agreement.

IN WITNESS WHEREOF, West Virginia-American Water Company, a corporation, and Oakvale Road Public Service District, a public corporation, have caused this Agreement to be signed, by their

proper officers thereunto duly authorized, all as of the day and year first above written.

WEST VIRGINIA-AMERICAN WATER COMPANY

Witness:

By _____
Michael A. Miller
Its Vice President

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Witness:

By _____
Its Chairman

ABB04A0B

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 8th day of May, 1995, by Michael A. Miller, Vice President of West Virginia-American Water Company, a West Virginia corporation, on behalf of said corporation.

~~My commission expires~~ December 1, 2003.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
Melissa K. Browning
RT.1, BOX 455
MILTON, WV 25541
My Commission Expires Dec. 1, 2003

Melissa K. Browning
Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF MERCER, to-wit:

The foregoing instrument was acknowledged before me this 11 day of May, 1995, by Bonnie Stevens, Chairman of Oakvale Road Public Service District, a public corporation, on behalf of said corporation.

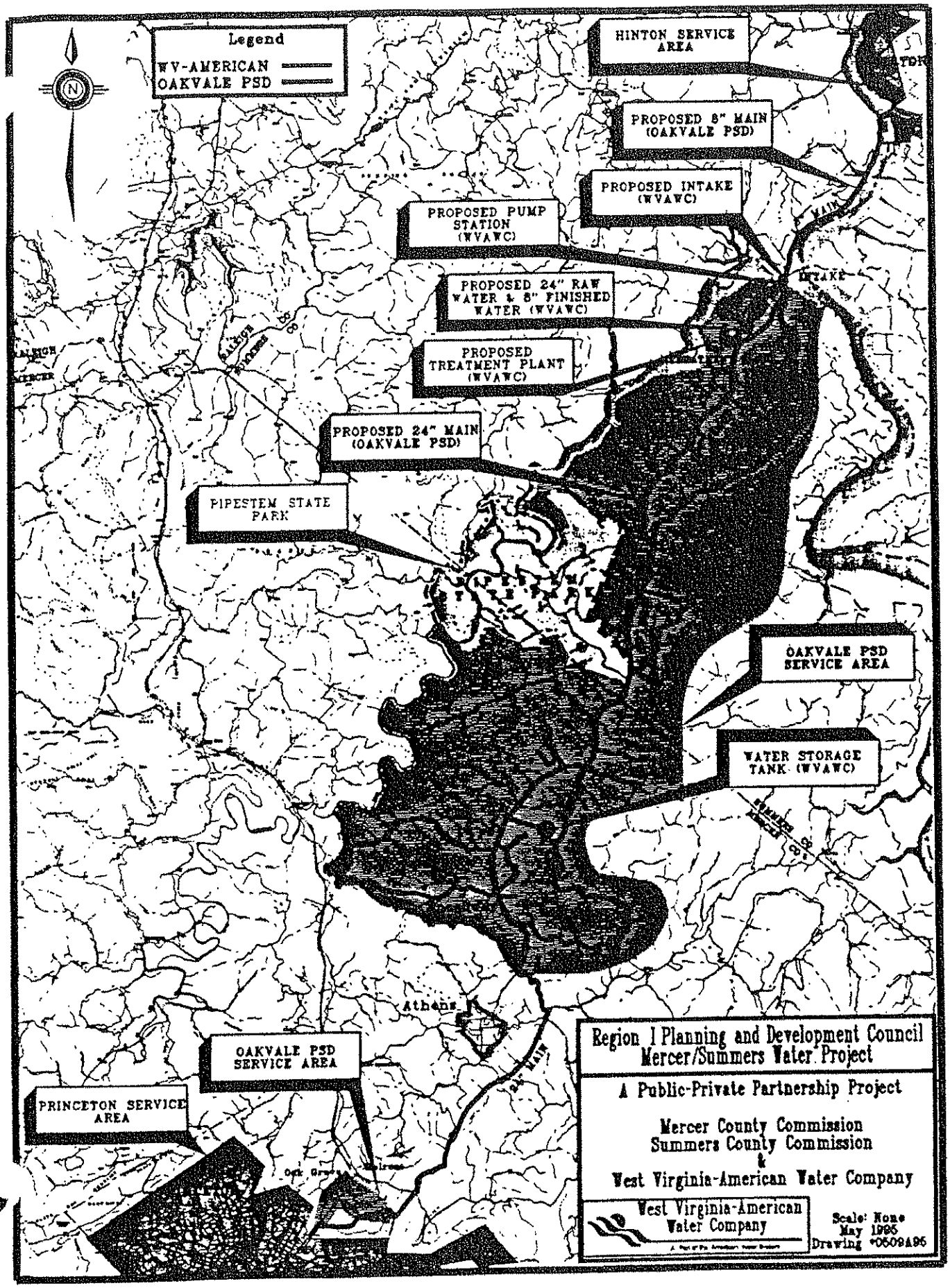
My commission expires Jan 5, 2005.

Glenna Taylor
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
GLENNA TAYLOR
c/o WILLIAM B. WHITNEY, II
1908 W. MAIN STREET
PRINCETON, WV 24740
My Commission Expires January 5, 2005

ABB04A0B

EXHIBIT A


Legend
WV-AMERICAN
OAKVALE PSD
HINTON SERVICE AREA
PROPOSED 8" MAIN (OAKVALE PSD)
PROPOSED INTAKE (WVAWC)
PROPOSED PUMP STATION (WVAWC)
PROPOSED 24" RAW WATER & 8" FINISHED WATER (WVAWC)
PROPOSED TREATMENT PLANT (WVAWC)
PROPOSED 24" MAIN (OAKVALE PSD)
PIPESTEM STATE PARK
OAKVALE PSD SERVICE AREA
WATER STORAGE TANK (WVAWC)
OAKVALE PSD SERVICE AREA
PRINCETON SERVICE AREA
Athens
Region I Planning and Development Council
Mercer/Summers Water Project
A Public-Private Partnership Project
Mercer County Commission
Summers County Commission
&
West Virginia-American Water Company
West Virginia-American Water Company
Scale: None
May 1995
Drawing #0509A96

JPMorganChase

JPMorgan Chase Bank, N.A.
Global Trade Services
131 South Dearborn, 5th Floor
Mail Code: IL1-0236
Chicago, IL 60603-5506

SEP 6, 2011
OUR L/C NO.: CPCS-966354

TO:
WEST VIRGINIA MUNICIPAL BOND
COMMISSION, ATTN: SARA BOARDMAN
1207 QUARRIER STREET, SUITE 401
CHARLESTON, WV 25301
(SEE BELOW FULL NAME & ADDRESS)

APPLICANT:
AMERICAN WATER CAPITAL CORP.
ON BEHALF OF WEST VIRGINIA
AMERICAN WATER COMPANY
1600 PENNSYLVANIA AVENUE
CHARLESTON, WV 25302-3932

WE HAVE ESTABLISHED OUR IRREVOCABLE STANDBY LETTER OF CREDIT IN YOUR FAVOR AS DETAILED HEREIN SUBJECT TO ISP98

DOCUMENTARY CREDIT NUMBER:	CPCS-966354
FURTHER IDENTIFICATION:	ISSUE
DATE OF ISSUE:	SEPTEMBER 6, 2011
BENEFICIARY:	WEST VIRGINIA MUNICIPAL BOND COMMISSION, ATTN: SARA BOARDMAN 1207 QUARRIER STREET, SUITE 401 CHARLESTON, WV 25301 (SEE BELOW FULL NAME & ADDRESS)
APPLICANT:	AMERICAN WATER CAPITAL CORP. ON BEHALF OF WEST VIRGINIA AMERICAN WATER COMPANY 1600 PENNSYLVANIA AVENUE CHARLESTON, WV 25302-3932
DATE AND PLACE OF EXPIRY:	SEPTEMBER 8, 2012 AT OUR COUNTER
DOCUMENTARY CREDIT AMOUNT:	USD178,952.00
AVAILABLE WITH:	JPMORGAN CHASE BANK, N.A. CHICAGO, IL BY PAYMENT

JPMorganChase

JPMorgan Chase Bank, N.A.
Global Trade Services
131 South Dearborn, 5th Floor
Mail Code: IL1-0236
Chicago, IL 60603-5506

SEP 6, 2011
OUR L/C NO.: CPCS-966354

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ADDITIONAL 12 MONTH PERIODS FROM THE PRESENT OR EACH FUTURE EXPIRATION DATE, UNLESS AT LEAST 60 DAYS PRIOR TO THE CURRENT EXPIRY DATE WE SEND NOTICE IN WRITING TO YOU VIA SWIFT, OR HAND DELIVERY AT THE ABOVE ADDRESS, THAT WE ELECT NOT TO AUTOMATICALLY EXTEND THIS LETTER OF CREDIT FOR ANY ADDITIONAL PERIOD. HOWEVER IN NO EVENT SHALL THIS LETTER OF CREDIT BE AUTOMATICALLY EXTENDED BEYOND THE FINAL EXPIRY DATE OF SEPTEMBER 8, 2021. UPON SUCH NOTICE TO YOU, YOU MAY DRAW ON US AT SIGHT FOR AN AMOUNT NOT TO EXCEED THE BALANCE REMAINING IN THIS LETTER OF CREDIT WITHIN THE THEN-APPLICABLE EXPIRY DATE, BY YOUR SWIFT OR PRESENTATION OF YOUR DRAFT AND DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF YOUR OFFICIALS READING AS FOLLOWS:
QUOTE
THE AMOUNT OF THIS DRAWING USD ..... UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NUMBER CPCS-966354 REPRESENTS FUNDS DUE US AS WE HAVE RECEIVED NOTICE FROM JPMORGAN CHASE BANK, N.A. OF THEIR DECISION NOT TO AUTOMATICALLY EXTEND LETTER OF CREDIT NUMBER CPCS-966354 AND THE UNDERLYING OBLIGATION REMAINS OUTSTANDING.
UNQUOTE

IN THE EVENT THIS LETTER OF CREDIT IS SUBSEQUENTLY AMENDED BY US TO EITHER:
I) RESCIND A NOTICE OF NON-EXTENSION AND TO EXTEND THE EXPIRY DATE HEREOF TO A FUTURE DATE, OR
II) EXTEND THE EXPIRY DATE TO A DATE THAT IS AFTER THE STATED FINAL EXPIRY DATE HEREOF,
SUCH EXTENSION SHALL BE FOR THAT SINGLE PERIOD ONLY AND THIS LETTER OF CREDIT WILL NOT BE SUBJECT TO ANY FUTURE AUTOMATIC EXTENSIONS UNLESS OTHERWISE STATED.

ADDITIONAL DETAILS:
BENEFICIARY FULL NAME AND ADDRESS:
WEST VIRGINIA MUNICIPAL BOND COMMISSION
ON BEHALF OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
AS REGISTERED OWNER OF THE OAKVALE ROAD PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2011A
(WEST VIRGINIA INFRASTRUCTURE FUND)

JPMorganChase

JPMorgan Chase Bank, N.A.
Global Trade Services
131 South Dearborn, 5th Floor
Mail Code: IL1-0236
Chicago, IL 60603-5506

SEP 6, 2011
OUR L/C NO.: CPCS-966354

ATTN: SARA BOARDMAN, EXECUTIVE DIRECTOR
1207 QUARRIER STREET, SUITE 401
CHARLESTON, WV 25301

THIS LETTER OF CREDIT IS AVAILABLE WITH JPMORGAN CHASE BANK, N.A. AGAINST PRESENTATION OF YOUR DRAFT AT SIGHT DRAWN ON JPMORGAN CHASE BANK, N.A., WHEN ACCOMPANIED BY THE DOCUMENTS INDICATED HEREIN.

BENEFICIARY'S DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF ITS OFFICIALS READING AS FOLLOWS:
"THE AMOUNT OF THIS DRAWING, USD....., UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NO. CPCS-966354 REPRESENTS FUNDS DUE US AS OAKVALE ROAD PUBLIC SERVICE DISTRICT WATER REVENUE BONDS, SERIES 2011A (WEST VIRGINIA INFRASTRUCTURE FUND, DATED SEPTEMBER 8, 2011 DUE TO ITS FAILURE TO MAKE DEBT SERVICE PAYMENTS ON THE LOANS AS AND WHEN DUE, AND PAYMENT HAS NOT BEEN RECEIVED FROM ANY OTHER SOURCE. THE AMOUNT OF THIS DRAW ON YOUR LETTER OF CREDIT NUMBER CPCS-966354 DOES NOT EXCEED THE AMOUNT OF SUCH MONETARY DEFAULT."

WE ENGAGE WITH YOU THAT PRESENTATIONS MADE UNDER AND IN CONFORMITY WITH THE TERMS AND CONDITIONS OF THIS CREDIT WILL BE DULY HONORED ON PRESENTATION IF PRESENTED ON OR BEFORE THE EXPIRATION AT OUR COUNTERS AT 131 SOUTH DEARBORN, 5TH FLOOR, MAIL CODE IL1-0236, CHICAGO, IL 60603-5506, ATTN: STANDBY LETTER OF CREDIT UNIT. ALL PAYMENTS DUE HEREUNDER SHALL BE MADE BY WIRE TRANSFER TO THE BENEFICIARY PER THEIR INSTRUCTIONS. THE ORIGINAL LETTER OF CREDIT MUST ACCOMPANY THE DOCUMENTS REQUIRED UNDER THIS CREDIT FOR ENDORSEMENT.

THIS LETTER OF CREDIT IS GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AND, EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, TO THE INTERNATIONAL STANDBY PRACTICES, ICC PUBLICATION NO. 590 (THE "ISP98"), AND IN THE EVENT OF ANY CONFLICT, THE LAWS OF THE STATE OF NEW YORK WILL CONTROL, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

PLEASE ADDRESS ALL CORRESPONDENCE REGARDING THIS LETTER OF CREDIT TO THE ATTENTION OF THE STANDBY LETTER OF CREDIT UNIT, 131 SOUTH DEARBORN, 5TH FLOOR, MAIL CODE IL1-0236, CHICAGO, IL 60603-5506, INCLUDING THE LETTER OF CREDIT NUMBER MENTIONED ABOVE. FOR TELEPHONE ASSISTANCE, PLEASE CONTACT

JPMorganChase

JPMorgan Chase Bank, N.A.
Global Trade Services
131 South Dearborn, 5th Floor
Mail Code: IL1-0236
Chicago, IL 60603-5506

SEP 6, 2011
OUR L/C NO.: CPCS-966354

THE STANDBY CLIENT SERVICE UNIT AT 1-800-634-1969, SELECT OPTION 1, OR 312-385-7910 AND HAVE THIS LETTER OF CREDIT NUMBER AVAILABLE.

AUTHORIZED SIGNATURE

State of West Virginia
Joe Manchin III
Governor

Office of the Governor
State Capitol
1900 Kanawha Boulevard, East
Charleston, WV 25305

Telephone: (304) 558-2000
Toll Free: 1-888-438-2731
FAX: (304) 342-7025
www.wvgov.org

October 13, 2009

The Honorable Mary Nelson
Mayor
Town of Oakvale
13610 Ingleside Road
Oakvale, West Virginia 24740

Dear Mayor Nelson:

Thank you for your application to the Small Cities Block Grant program to extend water service to the areas located around U.S. Route 460 between the Town of Oakvale and the end of existing service near Exit 9 on I-77 near the City of Princeton. Your request has been approved in the amount of $1,500,000.

In order to effectively use the limited dollars available, I hereby commit $700,000 from our fiscal year 2009 allocation that will immediately be available to you. The remaining $800,000 necessary to complete the project will be evaluated and committed in a future year's allocation, based on your ability to proceed forward with this project. I encourage you to expedite this project and reach its completion as quickly as possible. The West Virginia Development Office (WVDO) reserves the right to withdraw these funds if your project does not proceed on schedule as outlined in your application. It will be at the discretion of the WVDO whether or not to replace these funds with a letter of intent for consideration from future allocations. Please be advised that a letter of intent for funding consideration from future allocations is contingent upon the availability of federal funds.

Please contact Mr. Michael Browning of the WVDO at (304) 558-2234, extension 52007, to complete the necessary contract in order to proceed with your project.

I am pleased to assist with these improvements for the citizens of the Town of Oakvale.

With warmest regards,

Joe Manchin III
Governor

JM:mbm

State of West Virginia
Joe Manchin III
Governor

Office of the Governor
State Capitol
1900 Kanawha Boulevard, East
Charleston, WV 25305

Telephone: (304) 558-2000
Toll Free: 1-888-438-2731
FAX: (304) 342-7025
www.wvgov.org

October 26, 2010

The Honorable Mary Nelson
Mayor
Town of Oakvale
13610 Ingleside Road
Oakvale, West Virginia 24740

Dear Mayor Nelson:

On October 13, 2009, the Town of Oakvale received a commitment of $1,500,000 in Small Cities Block Grant funds to extend water service to the areas located along U.S. Route 460 and Old Route 460 between the Town of Oakvale and the end of existing service near Exit 9 on I-77 near the City of Princeton.

In order to effectively use limited available dollars, $700,000 has been made available to date. Based upon the Town of Oakvale's ability to proceed with this worthwhile project, I am committing the remaining $800,000 necessary to complete the project from the FY2010 Small Cities allocation. In order to proceed with your project, your existing Small Cities Block Grant contract will be amended to include the additional funds.

I encourage you to expedite this project and reach its completion, as the West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule. Please contact Mr. Michael Browning of the West Virginia Development Office, at (304) 558-2234, extension 52007, if you have any questions.

I am pleased to assist with these improvements for the citizens of the Town of Oakvale.

With warmest regards,

Joe Manchin III
Governor

JM:mbm

STATE OF WEST VIRGINIA
WEST VIRGINIA DEVELOPMENT OFFICE
NOTICE OF GRANT AWARD CHANGE

Fiscal Year	Date	State Account #	Agreement Date	Grant Number
2011	12/7/2010		12/9/2009	10-083

Grantee Name & Address

F.E.I.N.

Purpose of Change: Additional Funds

Program Name: SCBG

Project Name: Water Service

Grant ID: B09DC540001
B10DC540001

Project Number: 09SCBG0008X

Town of Oakvale
13610 Ingleside Road
Oakvale, WV 24740

Description of Change

Change Order # 1

Justification for Change

Additional funds needed to complete project.

Previous Total	$700,000.00
Increase	$800,000.00
Decrease	
New Total	$1,500,000.00

TERMS AND CONDITIONS OF ORIGINAL AGREEMENT ARE ON FILE IN THE WEST VIRGINIA DEVELOPMENT OFFICE AND AVAILABLE FOR INSPECTION. A COPY OF THE ORIGINAL AGREEMENT IS ATTACHED TO TRANSMITTAL_____
PROCESSED ON OR ABOUT_____.
PAYMENT #_____.

Approved

for Executive Director

Submitted By

12/7/2010
Date

1

Oakvale Road Public Service District
P.O. Box 1061
Princeton, West Virginia 24740
Phone: (304) 487-2750 • Fax: (304) 487-5424

LETTER OF INTENT
August 20, 2009

Colonel Robert D. Peterson, District Engineer
Huntington District
U.S. Army Corps of Engineers
502 Eighth Street
Huntington, West Virginia 25701-2070

RE: Letter of Intent/Statement of Financial Capability
Mercer Phase IV-A Water Extension Project

Dear Colonel Peterson:

The Oakvale Road Public Service District (PSD) has completed its review of the draft design and construction Project Partnership Agreement (PPA) between the PSD and the Department of the Army for Design and Construction of the Mercer/Summers Phase IV-A Water Extension Project in Mercer County, West Virginia.

The PSD understands that the proposed §340 project will include design and installation of a water extension project consisting of numerous linear feet of waterlines, pressure reducing stations and a water tank to extend water service to new customers in Poplar Grove Estates, the Town of Oakvale and portions of Cheesy Creek, Mercer County, West Virginia, as generally described in the "Decision Document, Mercer Phase IV-A Water Extension Project, Section 340 Environmental Infrastructure Program", dated August 2009.

Further, the PSD understands that the PPA in Article VI states that estimated total project costs are $933,334, of which the District share will be 25% or an estimated amount of $233,334 and the Government share will be 75% or an estimated amount of $700,000. The PSD's source of funds for the Sponsor's cost share is money obtained from the West Virginia

Infrastructure and Jobs Development Council and West Virginia American Water. Operation and maintenance costs for the Project are estimated to be $156,500 annually and will be paid by user fees obtained by customers.

The PSD has determined that the draft Project Partnership Agreement contains terms which are acceptable. The PSD has the ability, the capability, and the full legal authority to fulfill all its obligations contained in the agreement as drafted. The PSD intends to enter into the agreement with the Department of Army for design and construction of the project.

It is understood that the purpose of this letter is to establish the PSD's intent and ability to serve as the Non-Federal Sponsor of the Project, and does not financially or legally obligate the PSD or the Federal Government.

Pamela Browning, General Manager
Oakvale Road Public Service District
Mercer County, West Virginia

AGREEMENT
BETWEEN
THE DEPARTMENT OF THE ARMY
AND
THE OAKVALE ROAD PUBLIC SERVICE DISTRICT
FOR
DESIGN AND CONSTRUCTION
ASSISTANCE
FOR THE
MERCER/SUMMERS PHASE IV-A WATER EXTENSION PROJECT

THIS AGREEMENT is entered into this 22nd day of Sept, 20 09, by and between the Department of the Army (hereinafter the "Government"), represented by the U.S. Army Engineer, Huntington District, and the Oakvale Road Public Service District (hereinafter the "Non-Federal Sponsor"), represented by its General Manager.

WITNESSETH, THAT:

WHEREAS, the Secretary of the Army is authorized to provide design and construction assistance, which may be in the form of grants or reimbursements of the Federal share of project costs, for water-related environmental infrastructure and resource protection and development projects in southern West Virginia (hereinafter the "Section 340 Program") pursuant to Section 340 of the Water Resources Development Act of 1992, Public Law 102-580, as amended (hereinafter "Section 340");

WHEREAS, Section 340 provides that the Secretary of the Army may provide assistance for a water-related environmental infrastructure and resource protection and development project only if the project is publicly owned;

WHEREAS, Section 340 provides that $40,000,000 in Federal funds are authorized to be appropriated for design and construction assistance for the Section 340 Program;

WHEREAS, the U.S. Army Engineer, Huntington District (hereinafter the "District Engineer") has determined that the Mercer/Summers Phase IV-A Water Extension Project in Oakvale, Mercer County, West Virginia (hereinafter the "*Project*", as defined in Article I.A. of this Agreement) is eligible for implementation under Section 340;

WHEREAS, Section 340 provides that the Secretary of the Army shall not provide assistance for any water-related environmental infrastructure and resource protection and development projects until each non-Federal sponsor has entered into a written agreement to furnish its required cooperation for the project;

WHEREAS, Section 340 specifies the cost-sharing requirements applicable to the *Project*;

WHEREAS, Section 102 of the Energy and Water Development Appropriations Act, 2006, Public Law 109-103, provides that credits and reimbursements afforded for all applicable general authorities and under specific project authority shall not exceed $100,000,000 for all applicable programs and projects in each fiscal year;

WHEREAS, the Government and the Non-Federal Sponsor desire to enter into an agreement (hereinafter the "Agreement") for the provision of design and construction assistance for the *Project*;

WHEREAS, Section 1512 of the American Recovery and Reinvestment Act of 2009, Public Law 111-5 (hereinafter the "Recovery Act") requires recipients of Recovery Act funds to report certain information on the use of Recovery Act funds, and the Government intends to provide Recovery Act funds to the Non-Federal Sponsor as reimbursement of the Federal share pursuant to the terms of this Agreement; and

WHEREAS, the Government and Non-Federal Sponsor have the full authority and capability to perform as hereinafter set forth and intend to cooperate in cost-sharing and financing of the *Project* in accordance with the terms of this Agreement; and

WHEREAS, the Government and the Non-Federal Sponsor, in connection with this Agreement, desire to foster a partnering strategy and a working relationship between the Government and the Non-Federal Sponsor through a mutually developed formal strategy of commitment and communication embodied herein, which creates an environment where trust and teamwork prevent disputes, foster a cooperative bond between the Government and the Non-Federal Sponsor, and facilitate the successful implementation of the *Project*.

NOW, THEREFORE, the Government and the Non-Federal Sponsor agree as follows:

ARTICLE I - DEFINITIONS

A. The term "*Project*" shall mean design and installation of approximately 37,000 L.F of pipe, valves, fire hydrants, air release valves, pressure reducing station(s), meters and appurtenances, connecting to the existing Oakvale Road Public Service District water storage tank, and serving new customers in the following areas: Greasy Ridge Road (219/2), Wildlife Road, Rocky Hollow Road (27/2), Popular Grove I (460/1), Popular Grove II (Delta 905, Delta 906), Popular Grove II – Subdivision (Delta Routes 903/47, 903/48, 979 and Routes 35/2 and 38/4, in the Town of Oakvale and portions of Cheesy Creek, Mercer County, West Virginia, as generally described in the "Decision Document, Mercer/Summers Phase IV-A Water Extension Project, Section 340 Environmental Infrastructure Program", dated August, 2009 and approved by Chief, Planning Branch on September 18, 2009.

B. The term "*total project costs*" shall mean the sum of all costs incurred by the Non-Federal Sponsor and the Government in accordance with the terms of this Agreement that the District Engineer determines are directly related to design and construction of the *Project*.

Subject to the provisions of this Agreement including audits conducted in accordance with Article X.C. of this Agreement to determine the reasonableness, allocability, and allowability of such costs, the term shall include, but is not necessarily limited to: the Non-Federal Sponsor's design costs incurred after the effective date of this Agreement; the Government's costs of review in accordance with Article II.A.1. of this Agreement; the Government's costs of preparation of environmental compliance documentation in accordance with Article II.A.2. of this Agreement; the Government's costs of inspection in accordance with Article II.A.6. of this Agreement; the Government's costs of technical assistance in accordance with Article II.A.1. and Article II.A.6. of this Agreement; the Non-Federal Sponsor's and the Government's costs of investigations to identify the existence and extent of hazardous substances in accordance with Article XIV.A.1. and Article XIV.A.2. of this Agreement; the Non-Federal Sponsor's and the Government's costs of historic preservation activities in accordance with Article XVII.A. and Article XVII.B. of this Agreement; the Non-Federal Sponsor's construction costs; the Non-Federal Sponsor's supervision and administration costs; the Non-Federal Sponsor's costs of identification of legal and institutional structures in accordance with Article II.J. of this Agreement not incurred pursuant to any other agreement for the *Project*; the Non-Federal Sponsor's and the Government's costs of participation in the Project Coordination Team in accordance with Article V of this Agreement; the Non-Federal Sponsor's costs of contract dispute settlements or awards; the value of lands, easements, rights-of-way, *relocations*, and permit costs determined in accordance with Article IV of this Agreement but not to exceed 25 percent of total project costs; the Non-Federal Sponsor's and the Government's costs of audit in accordance with Article X.B. and Article X.C. of this Agreement; and any other costs incurred by the Government pursuant to the provisions of this Agreement. The term does not include any costs of activities performed under any other agreement for the *Project*; any costs for operation, maintenance, repair, rehabilitation, or replacement of the *Project*; any costs of establishment and maintenance of legal and institutional structures in accordance with Article II.J. of this Agreement; any costs of *betterments*; any costs incurred in advertising and awarding any construction contracts prior to the effective date of this Agreement; any construction costs incurred prior to the effective date of this Agreement; any interest penalty paid in accordance with Article VI.B.4. of this Agreement; any costs of dispute resolution under Article VII of this Agreement; the Government's costs for data recovery activities in accordance with Article XVII.D. and Article XVII.E. of this Agreement; or the Non-Federal Sponsor's costs of negotiating this Agreement.

C. The term "*period of design and construction*" shall mean the time from the effective date of this Agreement to the date that construction of the *Project* is complete, as determined by the Government, or the date that this Agreement is terminated in accordance with Article II.E. or Article XIII or Article XIV.C. of this Agreement, whichever is earlier.

D. The term "*highway*" shall mean any highway, roadway, street, or way, including any bridge thereof, that is owned by a public entity.

E. The term "*relocation*" shall mean providing a functionally equivalent facility to the owner of a utility, cemetery, *highway*, railroad, or public facility when such action is authorized in accordance with applicable legal principles of just compensation. Providing a functionally

equivalent facility may take the form of alteration, lowering, raising, or replacement and attendant demolition of the affected facility or part thereof.

F. The term "*betterment*" shall mean a difference in the design or construction of an element of the *Project* that results from the application of standards that the Government determines exceed those that the Government would otherwise apply to the design or construction of that element. The term does not include any design or construction for features not included in the *Project* as defined in paragraph A. of this Article.

G. The term "*fiscal year*" shall mean one year beginning on October 1 and ending on September 30.

H. The term "*Federal program funds*" shall mean funds provided by a Federal agency, other than the Department of the Army, plus any non-Federal contribution required as a matching share therefor.

I. The term "*sufficient invoice*" shall mean submission of all of the following three items: (1) a written certification by the Non-Federal Sponsor to the Government that it has made specified payments to contractors, suppliers, or employees for performance of work in accordance with this Agreement, or a written certification by the Non-Federal Sponsor to the Government that it has received bills from contractors, suppliers, or employees for performance of work in accordance with this Agreement; (2) copies of all relevant invoices and evidence of such payments or bills received; and (3) a written request for reimbursement for the amount of such specified payments or bills received that identifies those costs that have been paid or will be paid with *Federal program funds*.

J. The term "*Section 340 Program Limit*" shall mean the amount of Federal funds authorized to be appropriated for the Section 340 Program. As of the effective date of this Agreement, such amount is $40,000,000.

K. The term "*Section 102 Limit*" shall mean the annual limit on credits and reimbursements imposed by Section 102 of the Energy and Water Development Appropriations Act, 2006, Public Law 109-103.

ARTICLE II - OBLIGATIONS OF THE GOVERNMENT AND THE NON-FEDERAL SPONSOR

A. Using its funds, the Non-Federal Sponsor expeditiously shall design and construct the *Project* in accordance with Federal laws, regulations, and policies.

1. The Non-Federal Sponsor shall require all contractors to whom it awards design contracts to provide 30 percent and 100 percent design information to enable in-progress review of the design. The Government may participate in the review of the design at each stage of completion and may provide technical assistance to the Non-Federal Sponsor on an as-needed basis until the end of the *period of design and construction*. The Government shall perform a

final review to verify that the design is complete and is necessary for the *Project*. Upon completion of design, the Non-Federal Sponsor shall furnish the District Engineer with copies of the completed design.

2. Using information developed by the Non-Federal Sponsor, the Government shall develop and coordinate as required, an Environmental Assessment and Finding of No Significant Impact or an Environmental Impact Statement and Record of Decision, as necessary, to inform the public regarding the environmental impacts of the *Project* in accordance with the National Environmental Policy Act of 1969 (hereinafter "NEPA"). The Non-Federal Sponsor shall not issue the solicitation for the first construction contract for the *Project* or commence construction of the *Project* using the Non-Federal Sponsor's own forces until all applicable environmental laws and regulations have been complied with, including, but not limited to NEPA and Section 401 of the Federal Water Pollution Control Act (33 U.S.C. 1341).

3. The Non-Federal Sponsor shall obtain all permits and licenses necessary for the design and construction of the *Project* and, in the exercise of its rights and obligations under this Agreement, shall comply with all applicable Federal, state, and local laws, regulations, ordinances, and policies including the laws and regulations specified in Article XI of this Agreement. As necessary to ensure compliance with such laws, regulations, ordinances, and policies, the Non-Federal Sponsor shall include appropriate provisions in its contracts for the design and construction of the *Project*.

4. The Non-Federal Sponsor shall afford the Government the opportunity to review and comment on the solicitations for all contracts for the *Project*, including relevant plans and specifications, prior to the Non-Federal Sponsor's issuance of such solicitations. To the extent possible, the Non-Federal Sponsor shall afford the Government the opportunity to review and comment on all proposed contract modifications, including change orders. In any instance where providing the Government with notification of a contract modification is not possible prior to execution of the contract modification, the Non-Federal Sponsor shall provide such notification in writing at the earliest date possible. To the extent possible, the Non-Federal Sponsor also shall afford the Government the opportunity to review and comment on all contract claims prior to resolution thereof. The Non-Federal Sponsor shall consider in good faith the comments of the Government, but the contents of solicitations, award of contracts or commencement of design or construction using the Non-Federal Sponsor's own forces, execution of contract modifications, resolution of contract claims, and performance of all work on the *Project* shall be exclusively within the control of the Non-Federal Sponsor.

5. At the time the Non-Federal Sponsor furnishes a contractor with a notice of acceptance of completed work for each contract for the *Project*, the Non-Federal Sponsor shall furnish a copy thereof to the Government.

6. The Government may perform periodic inspections to verify the progress of construction and that the work is being performed in a satisfactory manner. In addition, the Government may provide technical assistance to the Non-Federal Sponsor on an as-needed basis until the end of the *period of design and construction*. Further, the Government shall perform a

final inspection to verify the completion of construction of the entire *Project* or completed portion thereof as the case may be. The Non-Federal Sponsor hereby gives the Government a right to enter, at reasonable times and in a reasonable manner, upon property that the Non-Federal Sponsor now or hereafter owns or controls for the purpose of performing such inspections.

B. In accordance with Article III of this Agreement, the Non-Federal Sponsor shall provide all lands, easements, and rights-of-way, including those required for *relocations*, the borrowing of material, and the disposal of dredged or excavated material, and shall perform or ensure performance of all *relocations* that the Non-Federal Sponsor and the Government jointly determine to be required or to be necessary for construction, operation, and maintenance of the *Project*. In addition, the Non-Federal Sponsor shall obtain all permits necessary for construction, operation, and maintenance of the *Project* on publicly owned or controlled lands.

C. The Government shall determine and include in *total project costs* any costs incurred by the Non-Federal Sponsor that the District Engineer determines are directly related to design and construction of the *Project*, subject to the conditions and limitations of this paragraph.

1. Pursuant to paragraph A.6. of this Article, all work performed by the Non-Federal Sponsor for the *Project* is subject to on-site inspection and determination by the Government that the work was accomplished in a satisfactory manner and is suitable for inclusion in the *Project*.

2. The Non-Federal Sponsor's costs for design and construction that may be eligible for inclusion in *total project costs* shall be subject to an audit in accordance with Article X.C. of this Agreement to determine the reasonableness, allocability and allowability of such costs.

3. No costs shall be included in *total project costs* for any construction of the *Project* that was performed prior to compliance with all applicable environmental laws and regulations, including, but not limited to NEPA and Section 401 of the Federal Water Pollution Control Act (33 U.S.C. 1341).

4. In the performance of all work for the *Project*, the Non-Federal Sponsor must comply with applicable Federal labor laws covering non-Federal construction, including, but not limited to, 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (revising, codifying and enacting without substantive change the provisions of the Davis-Bacon Act (formerly 40 U.S.C. 276a *et seq.*), the Contract Work Hours and Safety Standards Act (formerly 40 U.S.C. 327 *et seq.*) and the Copeland Anti- Kickback Act (formerly 40 U.S.C. 276c)). Notwithstanding any other provision of this Agreement, inclusion of costs for construction in *total project costs* may be withheld, in whole or in part, as a result of the Non-Federal Sponsor's failure to comply with its obligations under these laws.

5. The Non-Federal Sponsor's costs for design and construction that may be eligible for inclusion in *total project costs* pursuant to this Agreement are not subject to interest

charges, nor are they subject to adjustment to reflect changes in price levels between the time the work is completed and the time the costs are included in *total project costs*.

6. The Government shall not include in *total project costs* any costs paid by the Non-Federal Sponsor using *Federal program funds* unless the Federal agency providing the Federal portion of such funds verifies in writing that expenditure of such funds for such purpose is expressly authorized by Federal law.

D. The Government shall reimburse the Non-Federal Sponsor, in accordance with Article VI.B. of this Agreement, the amount necessary so that the Federal contribution towards *total project costs* equals 75 percent; however, any reimbursement by the Government is subject to the availability of funds and is limited by the *Section 340 Program Limit*.

E. Notwithstanding any other provision of this Agreement, Federal financial participation in the *Project* is limited by the following provisions of this paragraph.

1. As of the effective date of this Agreement, $26,511,000 of Federal funds have been provided by the Congress of the United States (hereinafter the "Congress") for the Section 340 Program of which $700,000 is currently projected to be available for the *Project*. The Government makes no commitment to request Congress to provide additional Federal funds for the Section 340 Program or the *Project*. Further, the Government's financial participation in the *Project* is limited to the Federal funds that the Government makes available to the *Project*.

2. In the event the Government projects that the amount of Federal funds the Government will make available to the *Project* through the then-current *fiscal year*, or the amount of Federal funds the Government will make available for the *Project* through the upcoming *fiscal year*, is not sufficient to meet the Federal share of *total project costs* and the Federal share of costs for data recovery activities in accordance with Article XVII.D. and Article XVII.E. of this Agreement that the Government projects to be incurred through the then-current or upcoming *fiscal year*, as applicable, the Government shall notify the Non-Federal Sponsor in writing of such insufficiency of funds and of the date the Government projects that the Federal funds that will have been made available to the *Project* will be exhausted. Upon the exhaustion of Federal funds made available by the Government to the *Project*, the Government's future performance under this Agreement shall be suspended and the parties shall proceed in accordance with Article XIII.B. of this Agreement. However, if the Government cannot make available sufficient Federal funds to meet the Federal share of *total project costs* in the then-current *fiscal year* solely due to the *Section 102 Limit*, only the Government's future performance related to reimbursement pursuant to paragraph D. of this Article shall be suspended.

3. If the Government determines that the total amount of Federal funds provided by Congress for the Section 340 Program has reached the *Section 340 Program Limit*, and the Government projects that the Federal funds the Government will make available to the *Project* within the *Section 340 Program Limit* will not be sufficient to meet the Federal share of *total project costs* and the Federal share of costs for data recovery activities in accordance with Article XVII.D. and Article XVII.E. of this Agreement, the Government shall notify the Non-Federal

Sponsor in writing of such insufficiency of funds and of the date the Government projects that the Federal funds that will have been made available to the *Project* will be exhausted. Upon the exhaustion of Federal funds made available by the Government to the *Project* within the *Section 340 Program Limit*, the parties shall terminate this Agreement and proceed in accordance with Article XIII of this Agreement.

F. During the *period of design and construction*, the Non-Federal Sponsor shall prepare and furnish to the Government for review a proposed Operation, Maintenance, Repair, Rehabilitation and Replacement Manual (hereinafter the "OMRR&R Manual"). The failure of the Non-Federal Sponsor to prepare an OMRR&R Manual acceptable to the Government shall not relieve the Non-Federal Sponsor of its responsibilities for operation, maintenance, repair, rehabilitation, and replacement of the entire completed *Project*, or any completed portion thereof as the case may be, in accordance with the provisions of this Agreement.

G. Upon completion of construction and final inspection by the Government in accordance with paragraph A.6. of this Article, the Non-Federal Sponsor shall operate, maintain, repair, rehabilitate, and replace the entire *Project*, or a completed portion thereof as the case may be, in accordance with Article VIII of this Agreement. Further, after completion of all contracts for the *Project*, copies of all of the Non-Federal Sponsor's Written Notices of Acceptance of Completed Work for all contracts for the *Project* that have not been provided previously shall be provided to the Government.

H. Upon conclusion of the *period of design and construction*, the Government shall conduct an accounting, in accordance with Article VI.C. of this Agreement, and furnish the results to the Non-Federal Sponsor.

I. The Non-Federal Sponsor and the Government, in consultation with appropriate Federal and State officials, shall develop a facilities or resource protection and development plan. Such plan shall include necessary design, completion of all necessary NEPA compliance, preparation of appropriate engineering plans and specifications, preparation of an OMRR&R Manual, and any other matters related to design and construction of the *Project* in accordance with this Agreement.

J. The Non-Federal Sponsor shall identify, establish, and maintain such legal and institutional structures as are necessary to assure the effective long-term operation of the *Project*. The Non-Federal Sponsor shall provide to the Government a description of such legal and institutional structures and such descriptions shall be included in the OMRR&R Manual prepared by the Non-Federal Sponsor. The Non-Federal Sponsor's costs of identification of such legal and institutional structures shall be included in *total project costs* and shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs. The Government shall have no obligation under this Agreement for any costs of establishment and maintenance of such legal and institutional structures.

K. The Non-Federal Sponsor shall not use *Federal program funds* to meet any of its obligations for the *Project* under this Agreement unless the Federal agency providing the Federal portion of such funds verifies in writing that expenditure of such funds for such purpose is expressly authorized by Federal law.

L. The Non-Federal Sponsor may request the Government to acquire lands, easements, or rights-of-way or to perform *relocations* for the *Project* on behalf of the Non-Federal Sponsor. Such requests shall be in writing and shall describe the services requested to be performed or provided. If in its sole discretion the Government elects to perform or provide the requested services or any portion thereof, it shall so notify the Non-Federal Sponsor in a writing that sets forth any applicable terms and conditions, which must be consistent with this Agreement. In the event of conflict between such a writing and this Agreement, this Agreement shall control. The Non-Federal Sponsor shall be solely responsible for all costs of the services performed or provided by the Government under this paragraph and shall pay all such costs in accordance with Article VI.D. of this Agreement. Notwithstanding the acquisition of lands, easements, or rights-of-way or performance of *relocations* by the Government, the Non-Federal Sponsor shall be responsible, as between the Government and the Non-Federal Sponsor, for any costs of cleanup and response in accordance with Article XIV.C. of this Agreement.

M. In the event that the Non-Federal Sponsor elects to include *betterments* in the design or construction of the *Project* during the *period of design and construction*, the Non-Federal Sponsor shall notify the Government in writing and describe the *betterments* it intends to design and construct. The Non-Federal Sponsor shall be solely responsible for all costs due to *betterments*, including costs associated with obtaining permits therefor, and shall pay all such costs without reimbursement by the Government.

ARTICLE III - LANDS, EASEMENTS, RIGHTS-OF-WAY, RELOCATIONS, AND COMPLIANCE WITH PUBLIC LAW 91-646, AS AMENDED

A. The Non-Federal Sponsor and the Government jointly shall determine the lands, easements, and rights-of-way required for construction, operation, and maintenance of the *Project*, including those required for *relocations*, the borrowing of material, and the disposal of dredged or excavated material. Upon reaching such determination, the Government shall provide written confirmation to the Non-Federal Sponsor thereof including a description of the lands, easements, and rights-of-way jointly determined to be required. Prior to the issuance of the solicitation for each contract for construction of the *Project*, or prior to the Non-Federal Sponsor incurring any financial obligations for construction of a portion of the *Project* using the Non-Federal Sponsor's own forces, the Non-Federal Sponsor shall acquire all lands, easements, and rights-of-way the Non-Federal Sponsor and the Government jointly determine the Non-Federal Sponsor must provide for that work and shall certify in writing to the Government that said interests have been acquired. Furthermore, prior to the end of the *period of design and construction*, the Non-Federal Sponsor shall acquire all lands, easements, and rights-of-way required for construction, operation, and maintenance of the *Project*. The Non-Federal Sponsor shall ensure that lands, easements, and rights-of-way required for the *Project* and that were

provided by the Non-Federal Sponsor are retained in public ownership for uses compatible with the authorized purposes of the *Project*.

B. The Non-Federal Sponsor and the Government jointly shall determine the *relocations* necessary for construction, operation, and maintenance of the *Project*, including those necessary to enable the borrowing of material or the disposal of dredged or excavated material. Upon reaching such determination, the Government shall provide written confirmation to the Non-Federal Sponsor thereof including a description of the *relocations* jointly determined to be necessary. Prior to the issuance of the solicitation for each contract for construction of the *Project*, or prior to the Non-Federal Sponsor incurring any financial obligations for construction of a portion of the *Project* using the Non-Federal Sponsor's own forces, the Non-Federal Sponsor shall prepare or ensure the preparation of plans and specifications for, and perform or ensure the performance of, all *relocations* the Non-Federal Sponsor and the Government jointly determine to be necessary for that work and certify in writing to the Government that said work has been performed. Furthermore, prior to the end of the *period of design and construction*, the Non-Federal Sponsor shall perform or ensure performance of all *relocations* necessary for construction, operation, and maintenance of the *Project*.

C. The Non-Federal Sponsor shall comply with the applicable provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91-646, as amended (42 U.S.C. 4601-4655), and the Uniform Regulations contained in 49 C.F.R. Part 24, in acquiring lands, easements, and rights-of-way required for construction, operation, and maintenance of the *Project*, including those required for *relocations*, the borrowing of material, or the disposal of dredged or excavated material, and shall inform all affected persons of applicable benefits, policies, and procedures in connection with said Act.

ARTICLE IV - VALUE OF LANDS, EASEMENTS, RIGHTS-OF-WAY, AND RELOCATIONS AND COSTS OF PERMITS

A. The Government shall include in *total project costs* the value of the lands, easements, and rights-of-way that the Non-Federal Sponsor and the Government jointly determine must be provided by the Non-Federal Sponsor pursuant to Article III.A. of this Agreement and the value of the *relocations* that the Non-Federal Sponsor and the Government jointly determine must be performed by the Non-Federal Sponsor or for which it must ensure performance pursuant to Article III.B. of this Agreement. The Government also shall include in *total project costs* the reasonable costs incurred by the Non-Federal Sponsor that are associated with obtaining permits pursuant to Article II.B. of this Agreement that are necessary for construction, operation, and maintenance of the *Project* on publicly owned or controlled lands. However, the Government shall not include in *total project costs* the value of any lands, easements, rights-of-way, or *relocations* that have been provided previously as an item of cooperation for another Federal project. Further, the Government shall not include in *total project costs* the value of lands, easements, rights-of-way, or *relocations* that were acquired or performed using *Federal program funds* or the costs of obtaining permits paid using *Federal program funds* unless the Federal agency providing the Federal portion of such funds verifies in writing that reimbursement for the

value and costs of such items is expressly authorized by Federal law. Finally, no value or costs of such items shall be included in *total project costs* pursuant to this Article, and no reimbursement shall be provided to the Non-Federal Sponsor, for any value or costs in excess of 25 percent of *total project costs*.

B. The Non-Federal Sponsor in a timely manner shall provide the Government with such documents as are sufficient to enable the Government to determine the value of any contribution provided pursuant to Article III.A. or Article III.B. of this Agreement and to determine the reasonable costs incurred by the Non-Federal Sponsor that are associated with obtaining permits pursuant to Article II.B. of this Agreement. Upon receipt of such documents, the Government in a timely manner shall determine the value of such contributions and the reasonable costs for obtaining such permits and include in *total project costs* the amount of such value and costs that does not exceed 25 percent of *total project costs*.

C. For the sole purpose of determining the value to be included in *total project costs* in accordance with this Agreement and except as otherwise provided in paragraph E. of this Article, the value of lands, easements, and rights-of-way, including those required for *relocations*, the borrowing of material, and the disposal of dredged or excavated material, shall be the fair market value of the real property interests, plus certain incidental costs of acquiring those interests, as determined in accordance with the provisions of this paragraph.

1. Date of Valuation. The fair market value of lands, easements, or rights-of-way owned by the Non-Federal Sponsor on the effective date of this Agreement shall be the fair market value of such real property interests as of the date the Non-Federal Sponsor awards the first construction contract for the *Project*, or, if the Non-Federal Sponsor performs the construction using its own forces, the date that the Non-Federal Sponsor begins construction of the *Project*. The fair market value of lands, easements, or rights-of-way acquired by the Non-Federal Sponsor after the effective date of this Agreement shall be the fair market value of such real property interests at the time the interests are acquired.

2. General Valuation Procedure. Except as provided in paragraph C.3. or paragraph C.5. of this Article, the fair market value of lands, easements, or rights-of-way shall be determined in accordance with the provisions of this paragraph.

a. The Non-Federal Sponsor shall obtain, for each real property interest, an appraisal that is prepared by a qualified appraiser who is acceptable to the Non-Federal Sponsor and the Government. The Non-Federal Sponsor shall provide a copy of each appraisal to the Government. The appraisal must be prepared in accordance with the applicable rules of just compensation, as specified by the Government. The fair market value shall be the amount set forth in the Non-Federal Sponsor's appraisal, if such appraisal is approved by the Government. In the event the Government does not approve the Non-Federal Sponsor's appraisal, the Non-Federal Sponsor may obtain a second appraisal, and the fair market value shall be the amount set forth in the Non-Federal Sponsor's second appraisal, if such appraisal is approved by the Government. In the event the Government does not approve the Non-Federal Sponsor's second appraisal, the Non-Federal Sponsor chooses not to obtain a second appraisal, or the Non-Federal

Sponsor does not provide the first appraisal as required in this paragraph, the Government shall obtain an appraisal, and the fair market value shall be the amount set forth in the Government's appraisal, if such appraisal is approved by the Non-Federal Sponsor. In the event the Non-Federal Sponsor does not approve the Government's appraisal, the Government, after consultation with the Non-Federal Sponsor, shall consider the Government's and the Non-Federal Sponsor's appraisals and determine an amount based thereon, which shall be deemed to be the fair market value.

b. Where the amount paid or proposed to be paid by the Non-Federal Sponsor for the real property interest exceeds the amount determined pursuant to paragraph C.2.a. of this Article, the Government, at the request of the Non-Federal Sponsor, shall consider all factors relevant to determining fair market value and, in its sole discretion, after consultation with the Non-Federal Sponsor, may approve in writing an amount greater than the amount determined pursuant to paragraph C.2.a. of this Article, but not to exceed the amount actually paid or proposed to be paid. If the Government approves such an amount, the fair market value shall be the lesser of the approved amount or the amount paid by the Non-Federal Sponsor, but no less than the amount determined pursuant to paragraph C.2.a. of this Article.

3. Eminent Domain Valuation Procedure. For lands, easements, or rights-of-way acquired by eminent domain proceedings instituted after the effective date of this Agreement, the Non-Federal Sponsor, prior to instituting such proceedings, shall submit to the Government notification in writing of its intent to institute such proceedings and an appraisal of the specific real property interests to be acquired in such proceedings. The Government shall have 60 calendar days after receipt of such a notice and appraisal within which to review the appraisal, if not previously approved by the Government in writing.

a. If the Government previously has approved the appraisal in writing, or if the Government provides written approval of, or takes no action on, the appraisal within such 60 day period, the Non-Federal Sponsor shall use the amount set forth in such appraisal as the estimate of just compensation for the purpose of instituting the eminent domain proceeding.

b. If the Government provides written disapproval of the appraisal, including the reasons for disapproval, within such 60 day period, the Government and the Non-Federal Sponsor shall consult in good faith to promptly resolve the issues or areas of disagreement that are identified in the Government's written disapproval. If, after such good faith consultation, the Government and the Non-Federal Sponsor agree as to an appropriate amount, then the Non-Federal Sponsor shall use that amount as the estimate of just compensation for the purpose of instituting the eminent domain proceeding. If, after such good faith consultation, the Government and the Non-Federal Sponsor cannot agree as to an appropriate amount, then the Non-Federal Sponsor may use the amount set forth in its appraisal as the estimate of just compensation for the purpose of instituting the eminent domain proceeding.

c. For lands, easements, or rights-of-way acquired by eminent domain proceedings instituted in accordance with paragraph C.3. of this Article, fair market value shall be either the amount of the court award for the real property interests taken, to the extent the

Non-Federal Sponsor and the Government jointly determined such interests are required for construction, operation, and maintenance of the *Project*, or the amount of any stipulated settlement or portion thereof that the Government approves in writing.

4. Incidental Costs. For lands, easements, or rights-of-way acquired by the Non-Federal Sponsor within a five year period preceding the effective date of this Agreement, or at any time after the effective date of this Agreement, the value of the interest shall include the documented incidental costs of acquiring the interest, as determined by the Government, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs. Such incidental costs shall include, but not necessarily be limited to, closing and title costs, appraisal costs, survey costs, attorney's fees, plat maps, mapping costs, actual amounts expended for payment of any relocation assistance benefits provided in accordance with Article III.C. of this Agreement, and other payments by the Non-Federal Sponsor for items that are generally recognized as compensable, and required to be paid, by applicable state law due to the acquisition of a real property interest in accordance with Article III of this Agreement. The value of the interests provided by the Non-Federal Sponsor in accordance with Article III.A. of this Agreement shall also include the documented costs of obtaining appraisals prepared for review by the Government pursuant to paragraph C.2.a. of this Article subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

5. Waiver of Appraisal. Except as required by paragraph C.3. of this Article, the Government may waive the requirement for an appraisal pursuant to this paragraph if it determines that an appraisal is unnecessary because the valuation is uncomplicated and that the estimated fair market value of the real property interest is $10,000 or less based upon a review of available data. In such event, the Government and the Non-Federal Sponsor must agree in writing to the value of such real property interest in an amount not in excess of $10,000.

D. After consultation with the Non-Federal Sponsor, the Government shall determine the value of *relocations* in accordance with the provisions of this paragraph.

1. For a *relocation* other than a *highway*, the value shall be only that portion of *relocation* costs that the Government determines is necessary to provide a functionally equivalent facility, reduced by depreciation, as applicable, and by the salvage value of any removed items.

2. For a *relocation* of a *highway*, the value shall be only that portion of *relocation* costs that would be necessary to accomplish the *relocation* in accordance with the design standard that the State of West Virginia would apply under similar conditions of geography and traffic load, reduced by the salvage value of any removed items.

3. *Relocation* costs shall include, but not necessarily be limited to, actual costs of performing the *relocation*; planning, engineering and design costs; supervision and administration costs; and documented incidental costs associated with performance of the *relocation*, as determined by the Government. *Relocation* costs shall not include any costs due to *betterments*, as determined by the Government, nor any additional cost of using new material

when suitable used material is available. *Relocation* costs shall be subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

4. The value to be included in *total project costs* for *relocations* performed within the *Project* boundaries is subject to satisfactory compliance with applicable Federal labor laws covering non-Federal construction, including, but not limited to, 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (revising, codifying and enacting without substantive change the provisions of the Davis-Bacon Act (formerly 40 U.S.C. 276a *et seq.*), the Contract Work Hours and Safety Standards Act (formerly 40 U.S.C. 327 *et seq.*) and the Copeland Anti-Kickback Act (formerly 40 U.S.C. 276c)). Notwithstanding any other provision of this Agreement, inclusion of the value of *relocations* in *total project costs* may be denied, in whole or in part, as a result of the Non-Federal Sponsor's failure to comply with its obligations under these laws.

E. Where the Government, on behalf of the Non-Federal Sponsor pursuant to Article II.L. of this Agreement, acquires lands, easements, or rights-of-way or performs *relocations*, the value to be included in *total project costs* in accordance with this Agreement shall be the costs of such work performed or provided by the Government that are paid by the Non-Federal Sponsor in accordance with Article VI.D. of this Agreement. In addition, the value to be included in *total project costs* in accordance with this Agreement shall include the documented costs incurred by the Non-Federal Sponsor in accordance with the terms and conditions agreed upon in writing pursuant to Article II.L. of this Agreement subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

F. The Government shall include in *total project costs* the reasonable costs incurred by the Non-Federal Sponsor pursuant to Article II.B. of this Agreement that are associated with obtaining permits necessary for construction, operation, and maintenance of the *Project* on publicly owned or controlled lands, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

ARTICLE V - PROJECT COORDINATION TEAM

A. To provide for consistent and effective communication, the Non-Federal Sponsor and the Government, not later than 30 calendar days after the effective date of this Agreement, shall appoint named senior representatives to a Project Coordination Team. Thereafter, the Project Coordination Team shall meet regularly until the end of the *period of design and construction.* The Government's Project Manager and a counterpart named by the Non-Federal Sponsor shall co-chair the Project Coordination Team.

B. The Government's Project Manager and the Non-Federal Sponsor's counterpart shall keep the Project Coordination Team informed of the progress of design and construction and of significant pending issues and actions, and shall seek the views of the Project Coordination Team on matters that the Project Coordination Team generally oversees.

C. Until the end of the *period of design and construction*, the Project Coordination Team shall generally oversee the *Project*, including matters related to: design; completion of all necessary NEPA coordination; plans and specifications; scheduling; real property and *relocation* requirements; real property acquisition; contract awards and modifications; contract costs; the application of and compliance with 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (revising, codifying and enacting without substantive change the provisions of the Davis-Bacon Act (formerly 40 U.S.C. 276a *et seq.*), the Contract Work Hours and Safety Standards Act (formerly 40 U.S.C. 327 *et seq.*) and the Copeland Anti-Kickback Act (formerly 40 U.S.C. 276c)) for *relocations* and the construction portion of the *Project*; the investigations to identify the existence and extent of hazardous substances in accordance with Article XIV.A. of this Agreement; historic preservation activities in accordance with Article XVII of this Agreement; the Government's cost projections; final inspection of the entire *Project* or completed portions thereof as the case may be; preparation of the proposed OMRR&R Manual; anticipated requirements and needed capabilities for performance of operation, maintenance, repair, rehabilitation, and replacement of the *Project* including issuance of permits; and other matters related to the *Project*. This oversight of the *Project* shall be consistent with a project management plan developed by the Government and the Non-Federal Sponsor.

D. The Project Coordination Team may make recommendations to the Non-Federal Sponsor on matters related to the *Project* that the Project Coordination Team generally oversees, including suggestions to avoid potential sources of dispute. The Non-Federal Sponsor in good faith shall consider the recommendations of the Project Coordination Team. The Non-Federal Sponsor, having the legal authority and responsibility for design and construction of the *Project*, has the discretion to accept or reject, in whole or in part, the Project Coordination Team's recommendations except as otherwise required by the provisions of this Agreement, including compliance with applicable Federal, State, or local laws or regulations.

E. The Non-Federal Sponsor's costs of participation in the Project Coordination Team shall be included in *total project costs* and shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs. The Government's costs of participation in the Project Coordination Team shall be included in *total project costs* and shared in accordance with the provisions of this Agreement.

ARTICLE VI - METHOD OF PAYMENT

A. The Non-Federal Sponsor shall provide the Government with such documents as are sufficient to enable the Government to maintain current records and provide to the Non-Federal Sponsor current projections of costs, financial obligations, contributions provided by the parties, the value included in *total project costs* of lands, easements, rights-of-way, *relocations*, and permit costs determined in accordance with Article IV of this Agreement.

1. As of the effective date of this Agreement, *total project costs* are projected to be $933,334; the Government's share of *total project costs* is projected to be $700,000; the Non-Federal Sponsor's share of *total project costs* is projected to be $233,334; *total project costs* to be incurred by the Government are projected to be $40,000; *total project costs* to be incurred by the Non-Federal Sponsor are projected to be $893,334; total reimbursements in accordance with paragraph B.2. of this Article are projected to be $660,000; the value included in *total project costs* of lands, easements, rights-of-way, *relocations*, and permit costs determined in accordance with Article IV of this Agreement is projected to be $0; the Government's share of financial obligations for data recovery activities pursuant to Article XVII.E. of this Agreement is projected to be $0; the Non-Federal Sponsor's share of financial obligations for data recovery activities pursuant to Article XVII.E. of this Agreement is projected to be $0; and the Government's total financial obligations to be incurred for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor and the Non-Federal Sponsor's contribution of funds for such obligations required by Article II.L. of this Agreement are projected to be $0. These amounts are estimates subject to adjustment by the Government, after consultation with the Non-Federal Sponsor, and are not to be construed as the total financial responsibilities of the Government and the Non-Federal Sponsor.

2. By December 31, 2009, and by each quarterly anniversary thereof until the conclusion of the *period of design and construction* and resolution of all relevant claims and appeals and eminent domain proceedings, the Government shall provide the Non-Federal Sponsor with a report setting forth all contributions provided to date and the current projections of the following: *total project costs*; the Government's share of *total project costs*; the Non-Federal Sponsor's share of *total project costs*; *total project costs* incurred by the Government; *total project costs* incurred by the Non-Federal Sponsor; total reimbursements paid to the Non-Federal Sponsor; the value included in *total project costs* of lands, easements, rights-of-way, *relocations*, and permit costs determined in accordance with Article IV of this Agreement; the Government's share of financial obligations for data recovery activities pursuant to Article XVII.E. of this Agreement; the Non-Federal Sponsor's share of financial obligations for data recovery activities pursuant to Article XVII.E. of this Agreement; and the Government's total financial obligations to be incurred for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor and the Non-Federal Sponsor's contribution of funds for such obligations required by Article II.L. of this Agreement.

B. The Government, subject to the availability of funds, shall reimburse the Non-Federal Sponsor, in accordance with the provisions of this paragraph, the amount required pursuant to Article II.D. of this Agreement.

1. Periodically, but not more frequently than once every 30 calendar days, the Non-Federal Sponsor shall provide the Government with a *sufficient invoice* for costs the Non-Federal Sponsor has incurred for the *Project*.

2. Upon receipt of such *sufficient invoice*, the Government shall review the costs identified therein and shall determine: (a) the amount to be included in *total project costs*, subject to the limitations in Article II.C. of this Agreement; (b) the total costs incurred by the parties to

date (including the value of lands, easements, rights-of-way, and *relocations*, and the costs of permits determined in accordance with Article IV of this Agreement); (c) each party's share of *total project costs* and the costs of data recovery activities in accordance with Article XVII.E. of this Agreement incurred by the parties to date; (d) the costs incurred by each party to date; (e) the total amount of reimbursements the Government has made to date in accordance with this paragraph; (f) the balance of Federal funds available for the *Project*, as of the date of such review; (g) the amount of reimbursement, if any, due to the Non-Federal Sponsor; and (h) the amount that actually will be paid to the Non-Federal Sponsor (hereinafter the "payment amount") if the amount of reimbursement determined above cannot be fully paid due to an insufficiency of Federal funds or the limitations of the *Section 340 Program Limit* or the *Section 102 Limit*.

3. Within 30 calendar days after receipt of the *sufficient invoice* provided in accordance with paragraph B.1. of this Article (hereinafter the "payment period"), the Government shall: furnish the Non-Federal Sponsor written notice of the determinations made in accordance with paragraph B.2. of this Article; provide an explanation, if necessary, of why the payment amount is less than the amount of reimbursement determined due to the Non-Federal Sponsor; and make a payment to the Non-Federal Sponsor equal to the payment amount.

4. If the payment amount is not paid by the end of the payment period, the designated payment office shall credit to the Non-Federal Sponsor's account an interest penalty on the payment amount, without request from the Non-Federal Sponsor. Unless prescribed by other Federal authority, the interest penalty shall be at the rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) that is in effect on the first day after the end of the payment period.

a. The interest penalty shall accrue daily from the first day after the end of the payment period through the date on which the payment is made. Accruals shall be compounded at 30 calendar day intervals through the date on which the payment is made.

b. The interest penalty shall not accrue, nor be compounded, during suspension of all of the Government's future performance or during suspension of only the Government's future performance to provide reimbursement. Further no interest penalty shall accrue, nor be compounded, upon termination of this Agreement under Article XIII of this Agreement.

C. Upon conclusion of the *period of design and construction* and resolution of all relevant claims and appeals and eminent domain proceedings, the Government shall conduct a final accounting and furnish the Non-Federal Sponsor with written notice of the results of such final accounting. If outstanding relevant claims and appeals or eminent domain proceedings prevent a final accounting from being conducted in a timely manner, the Government shall conduct an interim accounting and furnish the Non-Federal Sponsor with written notice of the results of such interim accounting. Once all outstanding relevant claims and appeals and eminent domain proceedings are resolved, the Government shall amend the interim accounting to complete the final accounting and furnish the Non-Federal Sponsor with written notice of the results of such final accounting. The interim or final accounting, as applicable, shall determine *total project*

costs and the costs of any data recovery activities. In addition, for each set of costs, the interim or final accounting, as applicable, shall determine each party's required share thereof, and each party's total contributions thereto as of the date of such accounting.

1. Should the interim or final accounting, as applicable, show that the Government's total required shares of *total project costs* and the costs of any data recovery activities exceed the Government's total contributions provided thereto, the Government, no later than 90 calendar days after completion of the interim or final accounting, as applicable, shall make a payment to the Non-Federal Sponsor, subject to the availability of funds and as limited by the *Section 340 Program Limit* and the *Section 102 Limit*, in an amount equal to the difference.

2. Should the interim or final accounting, as applicable, show that the total contributions provided by the Government for *total project costs* and the costs of any data recovery activities exceed the Government's total required shares thereof, the Non-Federal Sponsor shall refund the excess amount to the Government within 90 calendar days of the date of completion of such accounting by delivering a check payable to "FAO, USAED, Huntington District" to the District Engineer or by providing an Electronic Funds Transfer in accordance with procedures established by the Government. In the event the Government is due a refund and funds are not available to refund the excess to the Government, the Non-Federal Sponsor shall seek such appropriations as are necessary to make the refund.

D. The Non-Federal Sponsor shall provide the contribution of funds required by Article II.L. of this Agreement for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor in accordance with the provisions of this paragraph.

1. Not less than 60 calendar days prior to the scheduled date for the first financial obligation for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor, the Government shall notify the Non-Federal Sponsor in writing of such scheduled date and of the full amount of funds the Government determines to be required from the Non-Federal Sponsor to cover the costs of such work. No later than 30 calendar days prior to the Government incurring any financial obligation for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor, the Non-Federal Sponsor shall provide the Government with the full amount of the funds required to cover the costs of such work by delivering a check payable to "FAO, USAED, Huntington District" to the District Engineer, or verifying to the satisfaction of the Government that the Non-Federal Sponsor has deposited the required funds in an escrow or other account acceptable to the Government, with interest accruing to the Non-Federal Sponsor, or by presenting the Government with an irrevocable letter of credit acceptable to the Government for the required funds, or by providing an Electronic Funds Transfer of the required funds in accordance with procedures established by the Government.

2. The Government shall draw from the funds provided by the Non-Federal Sponsor such sums as the Government deems necessary to cover the Government's financial

obligations for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor as they are incurred. If at any time the Government determines that the Non-Federal Sponsor must provide additional funds to pay for such work, the Government shall notify the Non-Federal Sponsor in writing of the additional funds required and provide an explanation of why additional funds are required. Within 30 calendar days from receipt of such notice, the Non-Federal Sponsor shall provide the Government with the full amount of the additional required funds through any of the payment mechanisms specified in paragraph D.1. of this Article.

3. At the time the Government conducts the interim or final accounting, as applicable, the Government shall conduct an accounting of the Government's financial obligations incurred for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor and furnish the Non-Federal Sponsor with written notice of the results of such accounting. If outstanding relevant claims and appeals or eminent domain proceedings prevent a final accounting of such work from being conducted in a timely manner, the Government shall conduct an interim accounting of such work and furnish the Non-Federal Sponsor with written notice of the results of such interim accounting. Once all outstanding relevant claims and appeals and eminent domain proceedings are resolved, the Government shall amend the interim accounting to complete the final accounting and furnish the Non-Federal Sponsor with written notice of the results of such final accounting. Such interim or final accounting, as applicable, shall determine the Government's total financial obligations for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor and the Non-Federal Sponsor's contribution of funds provided thereto as of the date of such accounting.

a. Should the interim or final accounting, as applicable, show that the total obligations for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor exceed the total contribution of funds provided by the Non-Federal Sponsor for such work, the Non-Federal Sponsor, no later than 90 calendar days after receipt of written notice from the Government, shall make a payment to the Government in an amount equal to the difference by delivering a check payable to "FAO, USAED, Huntington District" to the District Engineer or by providing an Electronic Funds Transfer in accordance with procedures established by the Government.

b. Should the interim or final accounting, as applicable, show that the total contribution of funds provided by the Non-Federal Sponsor for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor exceeds the total obligations for such work, the Government, subject to the availability of funds, shall refund the excess amount to the Non-Federal Sponsor within 90 calendar days of the date of completion of such accounting. In the event the Non-Federal Sponsor is due a refund and funds are not available to refund the excess amount to the Non-Federal Sponsor, the Government shall seek such appropriations as are necessary to make the refund.

ARTICLE VII - DISPUTE RESOLUTION

As a condition precedent to a party bringing any suit for breach of this Agreement, that party must first notify the other party in writing of the nature of the purported breach and seek in good faith to resolve the dispute through negotiation. If the parties cannot resolve the dispute through negotiation, they may agree to a mutually acceptable method of non-binding alternative dispute resolution with a qualified third party acceptable to both parties. Each party shall pay an equal share of any costs for the services provided by such a third party as such costs are incurred. The existence of a dispute shall not excuse the parties from performance pursuant to this Agreement.

ARTICLE VIII – OPERATION, MAINTENANCE, REPAIR, REHABILITATION, AND REPLACEMENT (OMRR&R)

A. Upon completion of construction and final inspection by the Government in accordance with Article II.A.6. of this Agreement, the Non-Federal Sponsor, pursuant to Article II.G. of this Agreement, shall operate, maintain, repair, rehabilitate, and replace the entire *Project*, or a completed portion thereof as the case may be, at no cost to the Government. The Non-Federal Sponsor shall conduct its operation, maintenance, repair, rehabilitation, and replacement responsibilities in a manner compatible with the *Project's* authorized purposes and in accordance with specific directions prescribed by the Government in the interim or final OMRR&R Manual and any subsequent amendments thereto.

B. The Non-Federal Sponsor hereby gives the Government a right to enter, at reasonable times and in a reasonable manner, upon property that the Non-Federal Sponsor now or hereafter owns or controls for access to the *Project* for the purpose of inspection, if the Government determines an inspection to be necessary. If an inspection shows that the Non-Federal Sponsor for any reason is failing to perform its obligations under this Agreement, the Government shall send a written notice describing the non-performance to the Non-Federal Sponsor.

ARTICLE IX – HOLD AND SAVE

The Non-Federal Sponsor shall hold and save the Government free from all damages arising from design, construction, operation, maintenance, repair, rehabilitation, and replacement of the *Project* and any *betterments*, except for damages due to the fault or negligence of the Government or its contractors.

ARTICLE X - MAINTENANCE OF RECORDS AND AUDIT

A. Not later than 60 calendar days after the effective date of this Agreement, the Government and the Non-Federal Sponsor shall develop procedures for keeping books, records,

documents, or other evidence pertaining to costs and expenses incurred pursuant to this Agreement. These procedures shall incorporate, and apply as appropriate, the standards for financial management systems set forth in the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments at 32 C.F.R. Section 33.20. The Government and the Non-Federal Sponsor shall maintain such books, records, documents, or other evidence in accordance with these procedures and for a minimum of three years after completion of the accounting for which such books, records, documents, or other evidence were required. To the extent permitted under applicable Federal laws and regulations, the Government and the Non-Federal Sponsor shall each allow the other to inspect such books, records, documents, or other evidence.

B. In accordance with 32 C.F.R. Section 33.26, the Non-Federal Sponsor is responsible for complying with the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507), as implemented by Office of Management and Budget (OMB) Circular No. A-133 and Department of Defense Directive 7600.10. Upon request of the Non-Federal Sponsor and to the extent permitted under applicable Federal laws and regulations, the Government shall provide to the Non-Federal Sponsor and independent auditors any information necessary to enable an audit of the Non-Federal Sponsor's activities under this Agreement. The costs of any non-Federal audits performed in accordance with this paragraph shall be allocated in accordance with the provisions of OMB Circulars A-87 and A-133, and such costs as are allocated to the *Project* shall be included in *total project costs* and shared in accordance with the provisions of this Agreement.

C. In accordance with 31 U.S.C. 7503, the Government may conduct audits in addition to any audit that the Non-Federal Sponsor is required to conduct under the Single Audit Act Amendments of 1996. Any such Government audits shall be conducted in accordance with Government Auditing Standards and the cost principles in OMB Circular No. A-87 and other applicable cost principles and regulations. The costs of Government audits performed in accordance with this paragraph shall be included in *total project costs* and shared in accordance with the provisions of this Agreement.

ARTICLE XI - FEDERAL AND STATE LAWS

In the exercise of their respective rights and obligations under this Agreement, the Non-Federal Sponsor and the Government shall comply with all applicable Federal and State laws and regulations, including, but not limited to: Section 601 of the Civil Rights Act of 1964, Public Law 88-352 (42 U.S.C. 2000d) and Department of Defense Directive 5500.11 issued pursuant thereto; Army Regulation 600-7, entitled "Nondiscrimination on the Basis of Handicap in Programs and Activities Assisted or Conducted by the Department of the Army"; and all applicable Federal labor standards requirements including, but not limited to, 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (revising, codifying and enacting without substantive change the provisions of the Davis-Bacon Act (formerly 40 U.S.C. 276a *et seq.*), the Contract Work Hours and Safety Standards Act (formerly 40 U.S.C. 327 *et seq.*) and the Copeland Anti-Kickback Act (formerly 40 U.S.C. 276c)).

ARTICLE XII - RELATIONSHIP OF PARTIES

A. In the exercise of their respective rights and obligations under this Agreement, the Government and the Non-Federal Sponsor each act in an independent capacity, and neither is to be considered the officer, agent, or employee of the other.

B. In the exercise of its rights and obligations under this Agreement, neither party shall provide, without the consent of the other party, any contractor with a release that waives or purports to waive any rights the other party may have to seek relief or redress against that contractor either pursuant to any cause of action that the other party may have or for violation of any law.

ARTICLE XIII - TERMINATION OR SUSPENSION

A. If at any time the Non-Federal Sponsor fails to fulfill its obligations under this Agreement, the Assistant Secretary of the Army (Civil Works) shall terminate this Agreement or suspend the Government's future performance under this Agreement.

B. In the event all of the Government's future performance under this Agreement or only the Government's future performance to provide reimbursement is suspended pursuant to Article II.E.2. of this Agreement such suspension shall remain in effect until such time that the Government notifies the Non-Federal Sponsor in writing that sufficient Federal funds are available to meet the Federal share of *total project costs* and the Federal share of costs for data recovery activities in accordance with Article XVII.D. and Article XVII.E. of this Agreement the Government projects to be incurred through the then-current or upcoming *fiscal year*, or the Government or the Non-Federal Sponsor elects to terminate this Agreement.

C. In the event that the Government and the Non-Federal Sponsor determine to suspend future performance under this Agreement in accordance with Article XIV.C. of this Agreement, such suspension shall remain in effect until the Government and the Non-Federal Sponsor agree to proceed or to terminate this Agreement. In the event that the Government suspends future performance under this Agreement in accordance with Article XIV.C. of this Agreement due to failure to reach agreement with the Non-Federal Sponsor on whether to proceed or to terminate this Agreement, or the failure of the Non-Federal Sponsor to provide funds to pay for cleanup and response costs or to otherwise discharge the Non-Federal Sponsor's responsibilities under Article XIV.C. of this Agreement, such suspension shall remain in effect until: 1) the Government and Non-Federal Sponsor reach agreement on how to proceed or to terminate this Agreement; 2) the Non-Federal Sponsor provides funds necessary to pay for cleanup and response costs and otherwise discharges its responsibilities under Article XIV.C. of this Agreement; or 3) the Government terminates this Agreement in accordance with the provisions of Article XIV.C. of this Agreement.

D. If after completion of the design portion of the *Project* the parties mutually agree in writing not to proceed with construction of the *Project*, the parties shall conclude their activities

relating to the *Project* and conduct an accounting in accordance with Article VI.C. of this Agreement.

E. In the event that this Agreement is terminated pursuant to this Article or Article II.E. or Article XIV.C. of this Agreement, both parties shall conclude their activities relating to the *Project* and conduct an accounting in accordance with Article VI.C. of this Agreement. The Government may reserve a percentage of total Federal funds made available for the *Project* as a contingency to pay costs of termination. Notwithstanding such termination, the Non-Federal Sponsor may continue with design and construction of the *Project*, at no cost to the Government.

F. Any termination of this Agreement or suspension of future performance under this Agreement in accordance with this Article or Article II.E. or Article XIV.C. of this Agreement shall not relieve the parties of liability for any obligation previously incurred. Any delinquent payment owed by the Non-Federal Sponsor shall be charged interest at a rate, to be determined by the Secretary of the Treasury, equal to 150 per centum of the average bond equivalent rate of the 13 week Treasury bills auctioned immediately prior to the date on which such payment became delinquent, or auctioned immediately prior to the beginning of each additional 3 month period if the period of delinquency exceeds 3 months.

ARTICLE XIV - HAZARDOUS SUBSTANCES

A. After execution of this Agreement and coordination with the Government, the Non-Federal Sponsor shall perform, or ensure performance of, any investigations for hazardous substances that the Government or the Non-Federal Sponsor determines to be necessary to identify the existence and extent of any hazardous substances regulated under the Comprehensive Environmental Response, Compensation, and Liability Act (hereinafter "CERCLA") (42 U.S.C. 9601-9675), that may exist in, on, or under lands, easements, and rights-of-way that either the Non-Federal Sponsor and the Government jointly determine pursuant to Article III of this Agreement, or that the Non-Federal Sponsor otherwise determines, to be required for construction, operation, and maintenance of the *Project*. However, for lands, easements, and rights-of-way that the Government determines to be subject to the navigation servitude, only the Government shall perform such investigations unless the District Engineer provides the Non-Federal Sponsor with prior specific written direction, in which case the Non-Federal Sponsor shall perform such investigations in accordance with such written direction.

1. All actual costs incurred by the Non-Federal Sponsor for such investigations for hazardous substances in, on, or under any lands, easements, or rights-of-way that the Non-Federal Sponsor and the Government jointly determine to be required for construction, operation, and maintenance of the *Project*, pursuant to Article III of this Agreement, shall be included in *total project costs* and shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

2. All actual costs incurred by the Government for such investigations for hazardous substances shall be included in *total project costs* and shared in accordance with the provisions of this Agreement.

B. In the event it is discovered through any investigation for hazardous substances or other means that hazardous substances regulated under CERCLA exist in, on, or under any lands, easements, or rights-of-way that either the Non-Federal Sponsor and the Government jointly determine pursuant to Article III of this Agreement, or that the Non-Federal Sponsor otherwise determines, to be required for construction, operation, and maintenance of the *Project*, the Non-Federal Sponsor and the Government, in addition to providing any other notice required by applicable law, shall provide prompt written notice to each other, and the Non-Federal Sponsor shall not proceed with the acquisition of the real property interests until the parties agree that the Non-Federal Sponsor should proceed.

C. The Government and the Non-Federal Sponsor shall determine whether to initiate construction of the *Project*, or, if already in construction, whether to continue with construction of the *Project*, suspend future performance under this Agreement, or terminate this Agreement, in any case where hazardous substances regulated under CERCLA are found to exist in, on, or under any lands, easements, or rights-of-way that either the Non-Federal Sponsor and the Government jointly determine pursuant to Article III of this Agreement, or that the Non-Federal Sponsor otherwise determines, to be required for construction, operation, and maintenance of the *Project*. Should the Government and the Non-Federal Sponsor determine to initiate or continue with construction of the *Project* after considering any liability that may arise under CERCLA, the Non-Federal Sponsor shall be responsible, as between the Government and the Non-Federal Sponsor, for the costs of cleanup and response, including the costs of any studies and investigations necessary to determine an appropriate response to the contamination. Such costs shall not be considered a part of *total project costs*. In the event the Non-Federal Sponsor does not reach agreement with the Government on whether to proceed or to terminate this Agreement under this paragraph, or fails to provide any funds necessary to pay for cleanup and response costs or to otherwise discharge the Non-Federal Sponsor's responsibilities under this paragraph upon direction by the Government, the Government, in its sole discretion, may either terminate this Agreement or suspend its future performance under this Agreement, including reimbursement pursuant to Article II.D. of this Agreement.

D. The Non-Federal Sponsor and the Government shall consult with each other in accordance with Article V of this Agreement in an effort to ensure that responsible parties bear any necessary cleanup and response costs as defined in CERCLA. Any decision made pursuant to paragraph C. of this Article shall not relieve any third party from any liability that may arise under CERCLA.

E. As between the Government and the Non-Federal Sponsor, the Non-Federal Sponsor shall be considered the operator of the *Project* for purposes of CERCLA liability. To the maximum extent practicable, the Non-Federal Sponsor shall operate, maintain, repair, rehabilitate, and replace the *Project* in a manner that will not cause liability to arise under CERCLA.

ARTICLE XV - NOTICES

A. Any notice, request, demand, or other communication required or permitted to be given under this Agreement shall be deemed to have been duly given if in writing and delivered personally or sent by telegram or mailed by first-class, registered, or certified mail, as follows:

If to the Non-Federal Sponsor: Oakvale Road Public Service District
General Manager
Post Office Box 1061
Princeton, West Virginia 24740

If to the Government: District Engineer
Huntington District
Corps of Engineers
502 Eighth Street
Huntington, West Virginia 25701-2070

B. A party may change the address to which such communications are to be directed by giving written notice to the other party in the manner provided in this Article.

C. Any notice, request, demand, or other communication made pursuant to this Article shall be deemed to have been received by the addressee at the earlier of such time as it is actually received or seven calendar days after it is mailed.

ARTICLE XVI - CONFIDENTIALITY

To the extent permitted by the laws governing each party, the parties agree to maintain the confidentiality of exchanged information when requested to do so by the providing party.

ARTICLE XVII - HISTORIC PRESERVATION

A. The Government shall ensure compliance with Section 106 of the National Historic Preservation Act (16 U.S.C. 470f; hereinafter "Section 106") prior to initiation of construction by the Non-Federal Sponsor. At the Government's request, the Non-Federal Sponsor shall prepare information, analyses, and recommendations as required by Section 106 and implementing regulations. Any costs incurred by the Non-Federal Sponsor relating to compliance with this paragraph shall be included in *total project costs* and shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs. Any costs incurred by the Government relating to compliance with this paragraph shall be included in *total project costs* and shared in accordance with the provisions of this Agreement.

B. The Non-Federal Sponsor shall perform any identification, survey, evaluation, or mitigation (except for data recovery activities) of historic properties the Government determines necessary for the *Project*, in accordance with this paragraph.

1. The Non-Federal Sponsor shall ensure that its studies are conducted by qualified archaeologists, historians, architectural historians and historic architects, as appropriate, who meet, at minimum, the Secretary of the Interior's Professional Qualifications Standards. The Non-Federal Sponsor shall submit study plans and reports to the Government for review and approval and shall be responsible for resolving any deficiencies.

2. In the event the Government determines that mitigation (except for data recovery activities) should be undertaken due to possible adverse effects to significant archeological or historical properties, the Non-Federal Sponsor shall formulate a plan in consultation with the Government and any other parties involved in the development of a Memorandum of Agreement executed in accordance with Section 106.

3. The Non-Federal Sponsor shall be responsible for implementing mitigation (except for data recovery activities) prior to the initiation of any construction activities affecting historic properties.

4. Any costs of identification, survey, evaluation, and mitigation (except for data recovery activities) of historic properties incurred by the Non-Federal Sponsor pursuant to paragraph B. of this Article shall be included in *total project costs* and shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

C. The Non-Federal Sponsor shall include provisions in all of its construction contracts for the protection of cultural resources discovered during construction. These provisions shall include, at a minimum, the requirement to cease all work in the immediate area of a discovered cultural resource until the situation is properly evaluated, and the requirement to immediately provide verbal and written notice to the Non-Federal Sponsor and Government in the event of such discovery. Upon receipt of notice that cultural resources have been discovered, the Government, pursuant to its responsibilities under the National Historic Preservation Act, must authorize further action or study before construction may continue. If the Government concludes that such discovery warrants consultation under the National Historic Preservation Act, the Non-Federal Sponsor shall participate as a consulting party. In such a case, construction shall not continue until the Government sends written notification to the Non-Federal Sponsor. Where the Non-Federal Sponsor elects to perform the construction using its own forces, the same procedures shall be followed.

D. The Government, as it determines necessary for the *Project*, shall perform any data recovery activities associated with historic preservation. As specified in Section 7(a) of Public Law 86-523, as amended by Public Law 93-291 (16 U.S.C. 469c(a)), the costs of data recovery activities associated with historic preservation for this *Project* and all other projects implemented

pursuant to the Section 340 Program shall be borne entirely by the Government up to the statutory limit of one percent of the total amount authorized to be appropriated to the Government for the Section 340 Program. None of the costs of data recovery activities shall be included in *total project costs*.

E. The Government shall not incur costs for data recovery activities that exceed the statutory one percent limit specified in paragraph D. of this Article unless and until the Assistant Secretary of the Army (Civil Works) has waived that limit, and the Secretary of the Interior has concurred in the waiver, in accordance with Section 208(3) of Public Law 96-515, as amended (16 U.S.C. Section 469c-2(3)). Any costs of data recovery activities that exceed the one percent limit shall not be included in *total project costs* but shall be shared between the Non-Federal Sponsor and the Government consistent with the cost sharing requirements of the Section 340 Program, as follows: 25 percent will be borne by the Non-Federal Sponsor and 75 percent will be borne by the Government.

ARTICLE XVIII - THIRD PARTY RIGHTS, BENEFITS, OR LIABILITIES

Nothing in this Agreement is intended, nor may be construed, to create any rights, confer any benefits, or relieve any liability, of any kind whatsoever in any third person not party to this Agreement.

ARTICLE XIX - RECOVERY ACT REQUIREMENTS

The Government intends to fund reimbursement to the Non-Federal Sponsor, pursuant to Article II.D. of this Agreement, with Recovery Act funds in whole or in part. The Recovery Act requires special reporting by recipients of Recovery Act funds in order to maximize transparency of the use of Recovery Act funds. Not later than ten calendar days after the close of each calendar quarter in which the Non-Federal Sponsor receives Recovery Act funds, the Non-Federal Sponsor shall report the information described in Section 1512(c) of the Recovery Act using the reporting instructions and data elements available online at that time at *http://www.FederalReporting.gov* or its successor, and shall ensure that any information that is pre-filled is corrected or updated as appropriate. Information from these reports will be made available to the public. The Non-Federal Sponsor shall maintain a current registration in the Central Contractor Registration (*http://www.ccr.gov*) until project close out, including maintaining a Dun and Bradstreet Data Universal Numbering System (DUNS) Number (*http://www.dnb.com*). The Non-Federal Sponsor also shall comply with all other applicable Recovery Act provisions, including Sections 1605 (regarding the requirement to use American iron, steel, and manufactured Goods for certain projects) and 1606 (regarding wage rates). The Non-Federal Sponsor's costs of complying with this Article shall be eligible for inclusion in *total project costs* in accordance with, and subject to the limitations of, Article II.C. of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, which shall become effective upon the date it is signed by the District Engineer.

DEPARTMENT OF THE ARMY

BY: _____
Robert D. Peterson
Colonel, Corps of Engineers
District Engineer

DATE: 22 Sep 09

OAKVALE ROAD PUBLIC SERVICE DISTRICT

BY: Pamela Browning
Pamela Browning
General Manager

DATE: 9/22/2009

CERTIFICATE OF AUTHORITY

I, William S. Winfrey II, do hereby certify that I am the principal legal officer of the Oakvale Road Public Service District, that the Oakvale Road Public Service District is a legally constituted public body with full authority and legal capability to perform the terms of the Agreement between the Department of the Army and the Oakvale Road Public Service District in connection with the Mercer/Summers Phase IV-A Water Extension Project, and to pay damages, if necessary, in the event of the failure to perform in accordance with the terms of this Agreement and that the persons who have executed this Agreement on behalf of the Oakvale Road Public Service District have acted within their statutory authority.

IN WITNESS WHEREOF, I have made and executed this certification this 22 day of September 2009.

William S. Winfrey II
Attorney at Law
for the Oakvale Road Public Service District

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Pamela Browning

Pamela Browning
General Manager
Oakvale Road Public Service District

DATE: 9/22/2009

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
GRANT AGREEMENT

[X] 1. Federal Sub-recipient Grant Agreement (128)

[ ] 2. Other Grant Agreement

3. Agreement Number: G 090576

4. WVFIMS Encumbrance Number: C309467

5. Grantee FEIN #

6. WVFIMS Vendor # 53722

7. Date Prepared October 1, 2008

8. Grantee Name and Address
Oakvale Road PSD
PO Box 1061
Princeton, WV 24740-1061

9. Spending Unit Name and Address
Office of Environmental Health Services
Capitol and Washington Streets
1 Davis Square, Suite 200
Charleston, WV 25301

10. Grantee Remittance Name and Address
Same

11. Spending Unit Contact Person Name and Telephone Number
Program Contact: Walter Ivey 558-6715
Fiscal Contact: Becky Surface 558-7071

12. Auditor's Information:

Fund	FY	State Level Org	Act	State Level Obj	Amount
5201	2009	0506	099	128	116,667.00
5201	2010	0506	099	128	83,333.00

Total: $200,000.00

13. Start Date: December 1, 2008

14. End Date: November 30, 2009

15. Description of Program:
Completing the design of a water line extension for the Mercer/Summers Regional Water Project.

16. Spending Unit

WVFIMS Coding Fund	FY	Extended Org	Act	Extended Obj	Grant	Project	Amount
5201	2009	3044	099	128	14364		116,667.00
5201	2010	3044	099	128	14364		83,333.00

Total: $200,000.00 ✓

17. Review and Approval Recommended:

GAAR: DK (Initials) 11/6/08 (Date) Grants: DE (Initials) 10/26/08 (Date)

GRANT AGREEMENT
BETWEEN
THE WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
Bureau For Public Health
Office of Environmental Health Services
and

Oakvale Road PSD

This Grant Agreement is between the West Virginia Department of Health and Human Resources, Bureau For Public Health, Office of Environmental Health Services hereafter "Department" and "Oakvale Road PSD", hereafter "Grantee". The Grant Agreement is for the provision of completing the design of a water line extension for the Mercer/Summers Regional Water Project as further described in Exhibit A.

WHEREAS, the Department has identified a public need;

WHEREAS, the Department has selected the Grantee to implement activities and services as described herein to accomplish a public purpose of support or stimulation authorized by Federal/State statutes and regulations;

WHEREAS, the Department will provide funds as available for these activities and services;

NOW, THEREFORE the parties mutually agree as follows:

I. PROGRAM SERVICES TO BE PROVIDED

1.01 **Scope:**

The Grantee agrees to provide the services and activities under the terms and conditions in the approved Statement of Work attached as **Exhibit A.**

II. GRANT AGREEMENT TERM

2.01 **Term:**

This Grant Agreement shall be effective for the period commencing on 12/1/2008 and ending on 11/30/2009. The Department shall have no obligation for payment of services rendered by the Grantee which are not performed within this specified period.

III. FUNDING

3.01 **Source of Funds:**

3.01(a) The Source of Funds Schedule, attached as **Exhibit B**, identifies the source of funds to be used as payment for the term of this Grant Agreement.
3.01(b) Federal funds are identified by the applicable Catalog of Federal Domestic Assistance (CFDA) numbers and the appropriated federal revenue fund account number(s).

3.01(c) State funds are identified by the specific appropriated general revenue fund and/or appropriated/non-appropriated special revenue fund account number(s).

3.02 **Condition for Receipt of State Funds:**

State funds provided by the Department to the Grantee under this Grant Agreement may not be used by the Grantee as a match or cost-sharing provision to secure other federal monies without prior written approval by the Department.

3.03 **Maximum Amount Available:**

The Department agrees to pay the Grantee a sum not to exceed Two Hundred Thousand, $200,000.00, dollars for the term of this Grant Agreement. The amount of this Grant Agreement can only change by written agreement which is signed by the parties.

3.04 **Subject to Funds Availability:**

3.04(a) This Grant Agreement is subject to the appropriation and availability of State and/or Federal funds. If the funds are not appropriated as anticipated, or they are otherwise unavailable, the Department reserves the right to reduce or terminate this Grant Agreement upon written notice to the Grantee.

3.04(b) Such reduction or termination shall not be deemed a breach of Grant Agreement by the Department.

3.04(c) Upon receipt of the written notice, the Grantee shall cease all work associated with the Grant Agreement.

3.04(d) If termination occurs, the Grantee shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date, provided funds are available.

3.04(e) Upon such termination, the Grantee shall have no right to recover from the Department any actual, general, special, incidental, consequential, or any other damages of any description or amount.

3.05 **Program Income:**

3.05(a) **OMB Circular A-102** and **OMB Circular A-110** outline specific guidance for the tracking and disposition of any program income generated as a result of funds received under this Grant Agreement.

3.05(b) Grantee agrees to comply with all applicable regulations regarding program income.

IV. AUTHORIZING STATUTES AND REGULATIONS

4.01 **Grantee Uniform Administrative Regulations:**

For each kind of grantee organization, there is a set of Federal uniform administrative regulations. The following chart lists the kinds of organizations and the applicable uniform administrative regulations for each listed type of grantee.

If the Grantee is a:	OMB Circulars Codified at:
State, local or Indian tribal government use the uniform administrative requirements in **OMB Circular A-102.**	Department of Health and Human Services (DHS) codified at **45 C.F.R. § 92** and **45 C.F.R. § 95;** Department of Agriculture (USDA) codified at **7 C.F.R. § 3016;** Department of Education (EDUC) codified at **34 C.F.R. § 80;** Environmental Protection Agency (EPA) codified at **40 C.F.R. § 31.**
Private nonprofit organization, institutions of higher education, or a hospital use the uniform administrative requirements in **OMB Circular A-110.**	DHS codified at **45 C.F.R. § 74;** USDA codified at **7 C.F.R. § 3019;** EDUC codified at **34 C.F.R. § 74;** EPA codified at **40 C.F.R. § 30.**
For-profit organization use the uniform administrative requirements in **OMB Circular A-110.**	DHS codified at **45 C.F.R. § 74** USDA codified at **7 C.F.R. § 3019;** EDUC codified at **34 C.F.R. § 74;** EPA codified at **40 C.F.R. § 30.**

4.02 **Statutes and Program Regulations:**

For each federal grant program there are applicable federal statutes and/or codified federal program regulations. Also included are any applicable West Virginia Code citations, administrative rules, and Department policies. A listing of the above information and possible sources for obtaining the information is attached as **Exhibit C**. This information is to be used by the Grantee to determine the manner in which the work is performed under this Grant Agreement.

4.03 **Grantee Responsibility:**

The Grantee is responsible for obtaining the above information. The listing is not to be deemed inclusive, but informative of relevant statutes and regulations.

V. PAYMENT TERMS AND CONDITIONS

5.01 **Payment Methodology:**
The payment methodology guidance and address for invoice submission, attached as Exhibit D, shall constitute the manner whereby payments are made by the Department to the Grantee.

5.02 **Budget:**

The Grant Agreement Budget, attached as **Exhibit E,** shall constitute the maximum amount available to the Grantee for work performed under this Grant Agreement.

5.03 **Payment of an Invoice:**

The payment of an invoice by the Department shall not prejudice the Department's right to object to or question any invoice or matter relating to this Grant Agreement. Such payment by the Department shall not be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs invoiced.

5.04 **Unallowable Costs:**

The Grantee's invoice shall be subject to reduction for amounts included in any invoice or prior payment made which are determined by the Department not to constitute allowable costs on the basis of audits, reviews, or monitoring of this Grant Agreement.

5.05 **Deductions & Withholdings:**

5.05(a) The Department may deduct amounts or withhold payments invoiced by the Grantee under this or any other Grant Agreement between the Grantee and the Department or its operating units if the Grantee fails to comply with any requirements of this Grant Agreement or any other Grant Agreements between the Grantee and the Department or its Bureaus, Offices, Divisions, or other operating units.

5.05(b) Funds withheld due to unsatisfactory program performance or failure to comply with the terms and conditions of this Grant Agreement or any other Grant Agreement between the Department or its other operating units may be restored upon satisfactory completion of the condition that caused the withholding.

VI. STANDARDS FOR FINANCIAL MANAGEMENT

6.01 Financial Management System:

6.01(a) The Grantee will maintain an accounting system and a set of accounting records that, at a minimum, allows for the identification of the source of revenue and expenditures related to this Grant Agreement.

6.01(b) All records will be supported by source documentation.

6.01(c) The Grantee's financial and accounting records pertaining to this agreement must be closed out at the end of the Grant Agreement period and must identify any excess revenue over expenditures.

6.02 Cost Principles:

For each kind of grantee organization, there is a set of Federal cost principles for determining allowable costs. Allowable costs are determined in accordance with the cost principles applicable to the organization incurring the costs. The following chart lists the kinds of organizations and the applicable cost principles. The Grantee agrees to comply with the applicable cost principles as set forth below.

If the Grantee is a:	OMB Circulars Codified at:
State, local or Indian tribal government use the cost principles in **OMB Circular A-87.**	DHS codified at **45 C.F.R. § 92** and **45 C.F.R. § 95** USDA codified at **7 C.F.R. § 3016;** EDUC codified at **34 C.F.R. § 80;** EPA codified at **40 C.F.R. § 31.**
Private nonprofit organization other than an (1) institution of higher education, (2) hospital, or (3) organization named in **OMB Circular A-122** as not subject to that circular use the cost principles in **OMB Circular A-122.**	DHS codified at **45 C.F.R. § 74;** USDA codified at **7 C.F.R. § 3019;** EDUC codified at **34 C.F.R. § 74;** EPA codified at **40 C.F.R. § 30.**
Educational Institution use the cost principles in **OMB Circular A-21.**	DHS codified at **45 C.F.R. § 74;** USDA codified at **7 C.F.R. § 3019;** EDUC codified at **34 C.F.R. § 74;** EPA codified at **40 C.F.R. § 30.**
Hospital use the cost principles in **Appendix E of 45 C.F.R. § 74.**	DHS codified at **45 C.F.R. § 74;** USDA codified at **7 C.F.R. § 3019;** EDUC codified at **34 C.F.R. § 74;** EPA codified at **40 C.F.R. § 30.**
For-profit organization other than a hospital and an organization named in **OMB Circular A-122** as not subject to that circular use the cost principles in **48 C.F.R. pt. 31** Contract Cost Principles and Procedures.	DHS codified at **45 C.F.R. § 74;** USDA codified at **7 C.F.R. § 3019;** EDUC codified at **34 C.F.R. § 74;** EPA codified at **40 C.F.R. § 30.**

6.03 **Indirect Costs and Allocation of Costs:**

6.03(a) If the Grantee charges indirect (overhead) cost to this Grant Agreement, an "Indirect Cost Proposal" must be prepared in accordance with the applicable cost principles referenced in this Grant Agreement.

6.03(b) The Grantee must comply with one of the three following criteria for payment of indirect costs by the Department.

6.03(b)(1) "Indirect Cost Negotiation Agreement" from the cognizant federal agency if the Grantee is a direct recipient of Federal grants;

6.03(b)(2) An approved "Indirect Cost Negotiation Agreement" from another state or local government agency that has agreed to review and approve the Grantee's indirect cost proposal; or

6.03(b)(3) A written statement from an independent certified public accounting firm attesting that the proposal complies with the requirements of **OMB Circular A-122, OMB Circular A-21** or **OMB Circular A-87** and provides the basis of the calculated rate.

VII. AUDITS AND MONITORING

7.01 **Audit Requirements:**

The Grantee agrees that it has reviewed, understands and will comply with the Federal Audit (OMB Circular A-133) Requirements, State Accountability (WV Code §12-4-14) Requirements, and Grantee Audit Certification and Federal Expenditure Disclosure (GACFED) requirements referenced within **Exhibit F** of this grant agreement.

7.02 **Monitoring:**

7.02(a) The Department has a responsibility to monitor the activities of its grantees as necessary to provide reasonable assurance that the Grantee uses these grant funds for intended and authorized purposes; complies with laws, regulations and the provisions of contracts or grant agreements; and achieves performance goals.

7.02(b) Monitoring is the process by which the programmatic and administrative management performance of a grant is continuously reviewed by the awarding agency. Factors that may affect the nature, timing and extent of monitoring activities of the Department include, but are not limited to, the complexities of the program's compliance requirements, the amount (dollar value) of awards, and the Grantee's overall level of risk. There are several types of monitoring activities that may be performed by the Department in relation to this grant including the review of audits, financial and performance reports; the performance of onsite monitoring visits; observing operations; reviewing financial and programmatic records; regular contact; other inquiries concerning program and financial activities; etc.

7.02(c) The Grantee shall fully cooperate and assist the Department or its authorized representative(s) with respect to the monitoring responsibilities and activities referenced

herein, or with respect to any and all other monitoring activities deemed necessary and appropriate by the Department at its sole discretion. Notwithstanding the administrative and reporting requirements presently cited within this agreement, the Grantee shall allow for the performance of onsite monitoring reviews by the Department or its authorized representative(s), and agrees to provide any technical assistance, reports, records, documentation and to comply with all requests for information as deemed necessary and appropriate by the Department, at its sole discretion, to fulfill its monitoring responsibilities and objectives. The Department or its authorized representative(s) shall be given full and complete access to all information and personnel related to the performance of this grant agreement to ensure that program activities and costs are consistent with goals and objectives of the grant.

7.02(d) If as a result of its monitoring efforts the Department uncovers deficiencies in the Grantee's administration of this grant or related project/program, the Department shall notify the Grantee in writing of said deficiencies. The Grantee agrees to take immediate and timely corrective action as determined by the Department in an attempt to rectify any identified and reported deficiencies and to resolve the matter to the overall satisfaction and sole discretion of the Department.

7.03 **Failure to Comply:**

Failure to comply with any of the requirements within this [Audits and Monitoring] Section or failure to respond in a timely manner to the Department's request for reports, records, documentation or other information related to monitoring may result in disallowed costs, suspension or termination of funding for this and other grants and contracts with the Department

VIII. REPORTS AND RECORDS

8.01 **Required Reports:**

A listing of all reports and reporting requirements is attached as **Exhibit G**. The Grantee certifies it is familiar with and agrees to comply with these requirements.

8.02 **Record Retention:**

8.02(a) Grantee shall retain all financial records, supporting documents, statistical records, and all other records pertinent to this Grant Agreement for a period of three years from the date of submission of the final expenditure report or payment of final invoice.

8.02(b) If any litigation, claim, or audit is started before the expiration of the three year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.

8.02(c) Records for equipment acquired with Federal funds shall be retained for three years after final disposition.

8.03 **Access to Records:**

8.03(a) The Department and its Inspector General, Federal awarding agency and its Inspector General, Comptroller General of the United States, State Auditors, program monitors, or any duly authorized representatives have the right of timely and unrestricted access to any books, documents, papers, or other records of the Grantee, in order to make audits, examinations, excerpts, transcripts and copies of such documents.

8.03(b) This right also includes timely and reasonable access to the Grantee's past and present personnel for the purpose of interviewing and discussing matters related to such documents.

8.03(c) The rights of access are not limited to the required retention period, but shall last as long as records are retained.

8.03(d) Grantee waives any confidentiality, privacy privilege, or proprietary defenses regarding audits or monitoring.

IX. STANDARD TERMS AND CONDITIONS

9.01 **Required Approvals:**

The Department is not bound by this Grant Agreement until it is approved and signed by the appropriate Department and/or State officials in accordance with applicable West Virginia State laws and regulations.

9.02 **Modifications:**

9.02(a) Formal Grant Agreement modifications and change orders will be negotiated by the Department and the Grantee to address changes including, but not limited to, the terms and conditions, costs, or scope of work included under this Grant Agreement.

9.02(b) As soon as possible after receipt of a written change request, but in no event more than thirty (30) days, the Grantee shall provide the Department a written statement verifying the change has no price impact on the Grant Agreement. If there is a price change, Grantee shall provide a description of the price increase or decrease involved in implementing the change.

9.02(c) The Department agrees to provide a modification, if approved, within thirty (30) days of receipt of Grantee's written statement.

9.02(d) No changes in scope to the project are authorized or are to be implemented by Grantee until a written change order is received and approved in writing by the Department and other applicable agencies.

9.03 **Termination:**

9.03(a) Any change in Federal and/or State law which significantly alters Grantee's required activity, or any change in the availability of funds shall be viewed as binding and shall warrant good faith renegotiation of the provisions of the Grant Agreement that are

affected. This change in circumstance includes suspension, termination, or reduction by the federal grantor agency of the grant to the Department under which this Grant Agreement is made. If such renegotiation proves unsuccessful within ten (10) days, the Grant Agreement may be terminated upon written notice of either party to the other party at least thirty (30) days before termination.

9.03(b) This Grant Agreement may be cancelled by either party at any time with or without cause, upon thirty (30) days notice in writing, and delivered by mail or in person.

9.03(c) Upon default, as defined below, the Department shall give Grantee twenty (20) days written Notice of Default and Right to Cure. If the default has not been cured within such twenty day period, then this Grant Agreement shall terminate automatically upon its own terms without further notice or demand. Default shall include Grantee's:

9.03(c)(1) Failure to fulfill for any reason in a timely and proper manner its obligations under this Grant Agreement in the Department's sole determination;

9.03(c)(2) Failure for any reason to comply with such additional conditions as may be lawfully applied by the federal grantor agency to the Grantee and Department;

9.03(c)(3) Failure to demonstrate compliance with any corrective action plans approved by the Department.

The Department expressly reserves all remedies at law and equity, including without limitation, the right to seek all appropriate relief upon the filing of a voluntary or involuntary petition for Grantee's reorganization or liquidation under any bankruptcy or insolvency laws providing for the relief for debtors.

9.03(d) In the event of any termination, all property and finished or unfinished documents, data, and studies prepared by Grantee under this Grant Agreement shall be disposed of according to directive of the federal awarding agency and the Department, and Grantee may be entitled to compensation for any nonreimbursed expenses reasonable and necessary incurred in satisfactory performance of the Grant Agreement.

9.03(e) Notwithstanding the above, Grantee shall not be relieved of the liability to the Department for any damages sustained by the Department by virtue of any breach of the Grant Agreement by Grantee. The Department within its sole discretion may withhold payments due the Grantee under this Grant Agreement, or withhold payments due under any other grant agreement between the Grantee and Department or its operating units as payment for damages. The Department within its sole discretion may use the withheld amounts as security to cover unliquidated damages sustained by the Department as reasonably estimated by the Department until such time as the exact amount of damages due the Department from the Grantee is agreed upon or otherwise determined.

9.03(f) The Department shall provide Grantee with notice, in writing, of conditions endangering performance. If after such notice Grantee fails to remedy the conditions contained in the notice within the time period contained in the notice, the Department shall issue an order to stop all work immediately. The Department shall be obligated only for services rendered and accepted before the date of the notice of termination.

9.04 **Assignment:**

Grantee shall not modify, convey, sell, transfer, assign, delegate, or otherwise dispose of the Grant Agreement or any portion thereof or of any right, title or interest therein without the prior written consent of the Department. This provision includes potential assignment of the Grant Agreement due to change in ownership of the firm.

9.05 **Subgranting:**

The Grantee shall not enter into a subgrant agreement for any of the work performed under this Grant Agreement without obtaining the prior written approval of the Department. If subgrant agreements are approved by the Department, they shall contain, at a minimum, sections of this Grant Agreement pertaining to Indemnity Conflicts of Interest, Lobbying, Nondiscrimination, Audit Requirements, Public Notice and any other State and/or Federal requirements.

9.06 **Completeness:**

9.06(a) This Grant Agreement is complete and contains the entire understanding between the parties relating to this Grant Agreement.

9.06(b) This Grant Agreement supersedes all prior understandings, representations, negotiations, and agreements between the parties written or oral.

9.06(c) If there is a conflict between any of the terms of this Grant Agreement as specified in Sections I through XVI and **Exhibit A**, the terms of Section I through XVI shall govern.

9.07 **Severability:**

If any terms and conditions of this Grant Agreement are held to be invalid or unenforceable as a matter of law, the other terms and conditions shall not be affected and shall remain in effect. To this end, the terms and conditions of this Grant Agreement are declared severable.

9.08 **Ownership of Information, Software and Data:**

9.08(a) Within the scope of confidentiality provision in this Grant Agreement and governing laws, the Department and Grantee shall share joint ownership of all information and data developed, derived, documented or furnished by Grantee and/or the Department under this Grant Agreement.

9.08(b) Within the scope of confidentiality provision in this Grant Agreement and governing laws, the Department and Grantee shall both have unlimited, non-exclusive rights to use, disclose, duplicate or publish for any purpose whatsoever, the results of activities under this Grant Agreement.

9.08(c) All software must include application programs in the most current version, systems instructions, all data files in the current versions, user and operational manuals and other documentation, system and program documentation describing the most current version, network configuration and control documentation, training programs and material

in the operational plans and products developed, and all specialized or specially modified operation system software and specially developed programs, including utilities, software and documentation which are required for or used in the operation of any software developed and/or purchased.

9.08(d) All computer equipment and software that interfaces with the Department's equipment and software shall meet or exceed Department standards.

9.09 **Licensure and Registrations:**

The Grantee certifies that it is registered and licensed to do business in the State of West Virginia. The Grantee and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses.

9.10 **Department Right of Approval:**

The Department shall have the right in its sole discretion to refuse to permit any employee of the Grantee, or employee of an approved agent, assignee, or subcontractor of the Grantee, to be located at a Department work location, or to provide services to the Department or its clientele pursuant to this Grant Agreement.

X. COMMUNICATIONS AND CONTACTS:

10.01 **Contacts:**
A list identifying contact persons for each party is attached as **Exhibit H.**

10.02 **Notices:**

Any notice, request, demand, communication required under this Grant Agreement shall be in writing and shall be deemed sufficiently given upon delivery, if delivered by hand (signed receipt obtained), or three (3) days after posting if properly addressed and sent certified mail return receipt requested. These notices shall become effective on the date of receipt or the date specified within the notice, whichever comes later.

10.03 **Party Changes:**

Each party shall provide a written notice of changes in contact persons, address, telephone, fax numbers, and email addresses.

XI. PROCUREMENT STANDARDS

11.01 **Procurement Standards:**

11.01(a) Standards for procurement are outlined in **OMB Circular A-102** and **OMB Circular A-110** as codified in the Grantee Uniform Administrative Regulations Section of this Grant Agreement.

11.01(b) These provisions define the standards for use in establishing procedures for procurement of supplies, equipment, and other services which cost is borne in whole or in part as a condition of this Grant Agreement.

11.01(c)These standards include but are not limited to the following:

11.01(c)(1) Grantee may use its own procurement policies provided that they adhere to the applicable standards;

11.01(c)(2) Grantee shall maintain a written code of conduct which shall govern the performance of its officers, employees, or agents in contracting with or expending grant funds; and

11.01(c)(3) All procurement transactions shall be conducted in a manner so as to provide for maximum open and free competition.

11.02 **Title to Equipment and Supplies:**

11.02(a) Grantee shall assume responsibility for the care and maintenance of all equipment pursuant to current Grantee policy and manufacturer's instruction.

11.02(b) The Department shall maintain a vested interest in all equipment and supplies purchased with grant funds.

11.02(c)Upon request by the Department, the Grantee shall account for and return in good condition, reasonable use and wear excepted, all such equipment and supplies purchased with funds received under this Grant Agreement.

11.03 **Prior Approval for Equipment and Capital Expenditures:**

All capital expenditures for property and equipment are unallowable except with the written prior approval of the Department and must be included as a separate budgetary line item in Exhibit E of this grant agreement. Further regulations regarding the acquisition, disposition and overall accounting for property and equipment are delineated in federal administrative requirements and cost principles, incorporated by reference in Sections 4.01 and 6.02 of this agreement. Additionally, the grantee shall be bound by any special terms, conditions or restrictions regarding capital expenditures for property and equipment as disclosed in Exhibit K of this grant agreement.

XII. INDEPENDENT GRANTEE:

12.01 **Relationship:**

12.01(a) The relationship of the Grantee to the Department will be that of an independent grantee and no principal-agent relationship or employer-employee relationship is contemplated or created by the parties to this Grant Agreement.

12.01(b) Grantee shall be responsible for selecting, supervising, and compensating individuals employed pursuant to the terms of this Grant Agreement.

12.01(c)Neither the Grantee nor any employees or contractors of the Grantee shall be deemed to be employees of the Department for any purposes whatsoever, and neither the Grantee nor any employees or contractors of the Grantee shall be eligible to participate in any benefit program unless such program is specifically available to the Grantee by the State of West Virginia as a separate, distinct and stand alone benefit not arising from the Department and this grant agreement.

12.01(d) Grantee shall be exclusively responsible for the payment to its employees and contractors of all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, compliance with the wage and hour law and all other employment laws.

XIII. INDEMNIFICATION AND HOLD HARMLESS:

13.01 **Indemnification and Hold Harmless:**

Grantee shall indemnify and hold harmless the Department, its Bureaus, Offices, Commissions, State of West Virginia, its officers, agents, subcontractors and employees of each entity from and against any and all loss, damage, liability and from any claims for damages arising from bodily injury, including death, which may be sustained or claimed to be sustained by any person, including employees of Grantee or its subcontractors or agents, and from any damages to property, including loss of use, and including property of the Department and State of West Virginia, caused by or arising out of or claimed to have been caused or to have arisen out of an act or omission of Grantee or its agents, employees or subcontractors in connection with the performance of this Grant Agreement, or caused by or arising out of or claimed to have been caused or to have arisen out of the concurrent negligence of Grantee, its agents and employees, in connection with the performance of this Grant Agreement, whether or not insured against; provided, however, that the foregoing indemnification will not cover loss, damage or liability arising from the sole negligence of the Department, its agents and employees; and Grantee shall at its own cost and expense defend any claim, suit, action, or proceeding, whether groundless or not, which may be commenced against the Department or State of West Virginia, and Grantee shall pay all judgments which may be recovered in any such actions, claims, proceedings or suits and defray any and all expenses, including costs and attorneys fees, which may be incurred as a result of such actions, claims, proceedings or suits. Notwithstanding the foregoing, in the event of such actions, claims, proceedings or suits, the Department shall be entitled, if it so elects, to representation by attorneys of its own selection. The obtaining by the Grantee of a release or discharge of liability running to the Grantee shall not diminish nor affect in any way the rights of the Department and the obligation of the Grantee.

XIV. ASSURANCES & PUBLIC POLICY REQUIREMENTS

14.01 **Assurances:**

14.01(a) **Conflicts of Interest:** The Grantee attests that it, its officers or members, employees, or subgrantees presently have no interest and shall not acquire any interest, direct or indirect which would conflict or compromise in any manner the performance of services. The Grantee further attests that during the performance of the Grant Agreement,

the Grantee shall periodically question its officers, members and employees concerning such interests. Any such interest discovered shall be promptly presented in detail to the Department. The Grantee will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal gain.

14.01(b) **Transactions with Affiliated Business Entities or Relatives:** Grantee will make a full disclosure in writing to the Department any corporation, partnership, sole proprietorship, or other business entity of any kind which is a wholly or partially owned entity of the Grantee or whose relatives supply goods or services to Grantee or work for or provide services to Grantee.

14.01(c)**No Debt Requirement:** Grantee certifies it has thoroughly reviewed its business activities and accounts after reading **Exhibit I** (attached), and Grantee hereby assures the Department that Grantee and all its related parties do not owe any debt, or if a debt is owed that the "exception clause" applies as listed in **Exhibit I.**

14.02 **Public Policy Requirements:**

14.02(a) **Certification Regarding Debarment & Suspension:** Grantee certifies that no entity, agency, or person associated with the Grantee is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549, "Debarment and Suspension."

14.02(b) **Certification of Compliance with Environmental Tobacco Smoke/Pro Children Act of 1994:** Grantee certifies compliance with Public Law 103-227, Part C-Environmental Tobacco Smoke, also known as Pro-Children Act of 1994, requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug or alcohol treatment. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to $1000 per day and/or the imposition of an administrative compliance order on the responsible entity. By signing and submitting this application the Grantee certifies that it will comply with the requirements of the Act.

The Grantee further agrees that it will require the language of this certification be included in any subgrants which contain provisions for the children's services and that all subgrantees shall certify accordingly.

The Public Health Service strongly encourages all grant recipients to provide a smoke-free workplace and promote the non-use of tobacco products. This is consistent with the PHS mission to protect and advance the physical and mental health of the American people.

14.02(c)**Certification of a Drug Free Workplace:** In accordance with Public Law 100-690 Drug-Free Workplace Act of 1988 the Grantee certifies the following requirements for a drug free workplace will be provided and/or maintained with a good faith effort including, at a minimum, having a policy statement and an ongoing drug awareness program. If

such a policy and practice have not been established heretofore, Grantee agrees to do so within thirty (30) calendar days after the beginning of this Grant Agreement.

Grantee agrees to publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violation of such prohibition. Grantee also agrees to make it a requirement that each employee who will be engaged in the provision of service under this Grant Agreement be given a copy of this statement and that each such employee understand that, as a condition of employment, the employee will abide by the terms of the statement.

Grantee also agrees to establish and/or maintain an ongoing drug-free awareness program to inform employees about the dangers of drug abuse in the workplace, any available drug counseling or rehabilitation, and the penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

14.02(d) **Certifications Related to Lobbying:** Grantee shall not endorse or support any candidate running for partisan political office. No federal or state funds under this Grant Agreement shall be expended to support any legislative lobbying efforts of Grantee related to specific legislation. Grantee shall certify that no federal appropriated funds have been paid or will be paid, by or on behalf of the Grantee or an employee thereof, to any person for purposes of influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress , an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan, or cooperative agreement.

If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee or any agency, a Member of Congress, an officer or employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, Grantee shall immediately complete and submit a disclosure form to report lobbying.

Grantee shall require that the language of this certification be included in the award documents for all subawards at all tiers (including, but not limited to subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements), and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this Grant Agreement was made. Submission of this certification is a prerequisite for making and entering into this Grant Agreement imposed under 31 U.S.C. § 1351. Any person who fails to file the required certification shall be subject to a civil penalty.

14.02(e) **Civil Rights:** Grantee shall comply with all Federal and State laws, rules and regulations which prohibit any unlawful discrimination or violations of civil rights. Such laws, rules and regulations shall include, but not be limited to: Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), the Americans with Disabilities Act of 1990, all requirements imposed by applicable United States Department of Health and Human Services (45 C.F.R. § 84), and guidelines

and interpretations issued pursuant thereto, the Age Discrimination Act of 1975; Title IX of the Education Amendments Act of 1972. Grantee shall insert a similar provision in all subcontracts for activities covered under the Grant Agreement.

14.02(f) **Program Fraud Civil Remedies Act:** The authorized official signing for the Grantee certifies that the statements herein are true, complete, and accurate to the best of his or her knowledge, and that he or she is aware that any false, fictitious, or fraudulent statements or claims may subject him or her to criminal, civil, or administrative penalties. The undersigned agrees the Grantee organization will comply with all terms and conditions of the Grant Agreement.

XV. OTHER TERMS AND CONDITIONS

15.01 **Confidentiality of Records:**

Strict standards of confidentiality of records shall be maintained in accordance with State and Federal laws. A statement more fully explaining the requirements attached as **Exhibit J** must be followed by the Grantee. It is expressly understood and agreed that obligations set forth in this section shall survive the termination of this Grant Agreement.

15.02 **No Waiver/Strict Performance Required:**

Failure by any party to this Grant Agreement to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Grant Agreement shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Agreement shall be deemed to have been waived, modified, deleted except by a written amendment signed by the parties.

15.03 **Titles, Tense:**

In construing this Grant Agreement, whenever appropriate, the singular tense shall be deemed to mean the plural and vice-versa. Titles of sections and paragraphs used herein are for the purpose of facilitating ease of reference only and shall not be construed to be a part of this Grant Agreement.

15.04 **State and Federal Compliance:**

The Grantee shall comply with all applicable State and Federal laws and regulations in the performance of this Grant Agreement.

15.05 **Department Liability:**

The Department shall have no liability except as specifically provided in this Grant Agreement.

15.06 **Organization and/or Personnel Changes:**

Grantee agrees to inform the Department of any changes of key personnel or organizational structure affecting the operation of the Grantee agency.

15.07 **Taxes and Obligations:**

Grantee certifies it is current on all taxes and obligations due the federal, state, and local governments.

15.08 **Public Notice:**

Grantee shall give credit in any publicity, printed materials, programs, press releases as follows: "This program is being presented with financial assistance as a grant from the West Virginia Department of Health and Human Resources."

15.09 **Information Technology Policies:**

Grantees that have access to Department data systems or use the Department's Wide Area network (WAN) agree to comply with all of the Department's Information Technology Policies, including, but not limited to, the Information Technology Resource Policy and the Hardware/Software Policy. Grantee agrees to only use these systems for activities related to the work performed under this Grant Agreement.

XVI. SPECIAL TERMS AND CONDITIONS

16.01 Any special terms and conditions required as a condition for receiving and expending funds under this Grant Agreement are attached as **Exhibit K.**

16.01(a) If any of these special terms and conditions required by federal statute, codified federal regulation, applicable West Virginia Code citations, administrative rules, or Department policies conflict with any other terms and conditions of this Grant Agreement, the special terms and conditions shall control.

16.01(b) If the special terms and conditions conflict with federal statutes, codified federal regulations, applicable West Virginia Code citations, administrative rules, or Department policies, such special terms and conditions are void.

IN WITNESS WHEREOF, the parties have caused this Grant Agreement to be signed and dated as shown below.

FOR Oakvale Road PSD

Grantee Authorized Signature: Pamela Browning *Date:* 12/5/08

Printed Name and Title: PAMELA Browning, Manager

Taken, sworn and subscribed before me this 5th *day of* December, 2008.

Notary Public Signature: Ginger E. Bailey

My Commission Expires: December 28, 2008

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
GINGER E. BAILEY
401 PARK AVE.
PRINCETON, WV 24740
My Commission Expires December 28, 2008

FOR THE DEPARTMENT OF HEALTH AND HUMAN RESOURCES

Date: 12/15/08

OAKVALE ROAD PSD PRELIMINARY DESIGN AGREEMENT

THIS PRELIMINARY DESIGN AGREEMENT is entered into this 5th day of May, 2009, by and between **WEST VIRGINIA AMERICAN WATER COMPANY**, a West Virginia corporation, (hereinafter "WVAW") 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, as amended, (hereinafter "Oakvale PSD");

RECITALS

1. Oakvale PSD has proposed an extension project to provide potable water service to approximately 300 customers, known as the Oakvale Road Public Service District Southeastern Mercer/Summers Regional Water Project Phase IV-A (the "Project").

2. WVAW would serve these customers through an amendment to its existing Operation and Maintenance Agreement with Oakvale PSD.

3. Oakvale PSD needs funds to complete the engineering design and permitting requirements for the Project.

4. WVAW is agreeable to providing funds for those requirements under the following terms and conditions.

TERMS AND CONDITIONS

1. WVAW will provide Oakvale PSD up to **ONE HUNDRED FIFTY THOUSAND DOLLARS ($150,000)** to be used to complete design and permitting requirements for the Project.

2. The funds will be paid out based on invoices received from Oakvale PSD which must be accepted and approved by WVAW. Oakvale PSD shall

timely provide information and documentation as requested by WVAW to support invoices submitted for payment.

3. The funds may be used for the following activities:
    - Completion of engineering design work for the water extension;
    - Obtaining land and rights of way for the water extension;
    - Obtaining the following permits: Bureau of Public Health Construction permit, Corp of Engineers Stream Crossing permit, Public Land Corporation permit, West Virginia Department of Highways permit, Norfolk/Southern Railroad Crossing permit, West Virginia DEP-NPDES permit for stormwater management; Public Service Commission certificate of convenience and necessity, State Historical Preservation Office approval, US Department of Interior approval, environmental clearances and administrative costs;
    - Obtaining User Agreements from potential customers.

4. All funds expended by WVAW under this agreement shall be considered a portion of WVAW's per-customer-per-signed-user-agreement contribution to the Project expected to be $325,000.

5. In the event the Project does not receive the required approvals, funding and consents within two (2) years of the date of execution of this Agreement, then Oakvale PSD will reimburse WVAW the amounts paid out pursuant to this Agreement. Repayment of the outstanding amount shall be made in equal monthly payments over a three (3) year period with no interest.

6. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto. This Agreement shall not create any third party beneficiaries.

7. This Agreement embodies the entire agreement between the parties and supersedes all prior agreements and understandings, whether oral or written, express or implied. This Agreement may be modified or supplemented only by a written document signed by an authorized representative of each party.

In witness whereof, the parties have signed this agreement as of the date first above written.

West Virginia American Water Company

By: _____
Wayne D. Morgan, President

Oakvale Road Public Service District

By: _____

Its: Chairperson

WEST VIRGINIA
Infrastructure & Jobs Development Council

RECEIVED
FEB 2 2 2011
REGION I PDC

Gov. Earl Ray Tomblin
Chairman

Kenneth Lowe, Jr.
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Louis R. Spatafore
Public Member

Joseph Freeland
Public Member

James W. Ellars, P.E.
Executive Director

Barbara J. Pauley
Administrative Secretary

February 17, 2011

Pam Browning, General Manager
Oakvale Road Public Service District
P.O. Box 1061
Princeton, WV 24740

Re: Water Project No. 2006W-908

Dear Ms. Browning:

Congratulations on your recent selection as a recipient of Governor's Contingency Fund appropriations. The West Virginia Infrastructure and Jobs Development Council (IJDC) will be administering the disbursement of these funds on behalf of the Governor.

Step One: Submit a written letter to the IJDC (address below) requesting that a grant agreement be initiated for the project. Please indicate the IJDC Project number in the letter.

Step Two: A Grant Agreement will be submitted to the project sponsor for execution. The executed agreement will then need to be returned to the IJDC along with complete wiring instructions.

Step Three: Once the executed agreement is received at IJDC, funds may be drawn. All funds will be drawn in the same manner as all other IJDC-funded projects, i.e., against invoices and certified requests. The following items will be required for each draw request:

- Resolution by Town Council or PSD Board approving draw (signed and dated).
- Invoices and/or certified expense documentation.
- Expenditure Schedule (only if other IJDC funds are also funding the project).

Should you have any questions, or if I may be of further assistance, please contact me at the number below.

Sincerely,

James W. Ellars, P.E.
Executive Director

cc: David N. Cole, Executive Director, Region I P&DC
Samme Gee, Esq., Jackson Kelly PLLC

State of West Virginia
Joe Manchin III
Governor

Office of the Governor
State Capitol
1900 Kanawha Boulevard, East
Charleston, WV 25305

Telephone: (304) 558-2000
Toll Free: 1-888-438-2731
FAX: (304) 342-7025
www.wvgov.org

October 15, 2010

The Honorable Joe Coburn, President
The Honorable Jay Mills, Commissioner
The Honorable Karen Disibbio, Commissioner
Mercer County Commission
1501 West Main Street
Princeton, West Virginia 24740

Dear Commissioners:

I am pleased to approve a grant in the amount of $341,000 from the Governor's Contingency Fund for the Oakvale Road PSD's Phase IVA of the Mercer/Summers Regional Water Extension.

One of the highest priorities during my administration has been to provide the necessary infrastructure to make West Virginia a safe and healthy place to live. By providing vital access to clean, adequate water and reliable sewer facilities, we can promote future economic development and improve the quality of life in West Virginia

This grant, combined with a Small Cities Block Grant in the amount of $1,500,000, a USACOE grant of $700,000, a $325,000 contribution from WVAWC and an IJDC loan in the amount of $3,400,000 will allow 298 new customers and ultimately serve 656 households for a project totaling $6,266,000.

I am pleased to make this funding a reality for the citizens of Mercer County.

With warmest regards,

Joe Manchin III
Governor

JM/lc

West Virginia American Water®

Wayne D. Morgan
President

RECEIVED
MAR 05 2008
REGION I PDC

DAVE/File

IJDC file
to S.E.

March 3, 2008

Ms. Pamela Browning
General Manager
Oakvale Road Public Service District
Post Office Box 1061
Princeton, West Virginia 24740

Re: Southeast Mercer Water Extension Project
2006W-908

Dear Ms. Browning:

I am pleased to inform you that West Virginia American Water ("WVAW") will once again participate in the funding of another much needed Mercer County water extension project, namely the Southeast Mercer Water Extension Project ("Project"). WVAW will commit service and funding equal to $1,000 per residence or business agreeing to take service from the Project when first made available, as evidenced by a signed user agreement. For budgeting purposes, WVAW's contribution in the Project will be $354,000, assuming Oakvale Road Public Service District ("ORPSD") obtains 354 signed user agreements. If the customer sign-up rate is greater than 354 customers, then WVAW's contribution will increase accordingly. If the customer sign-up rate is less than 354 customers, WVAW's contribution to the Project will decrease accordingly.

In addition to the capital investment mentioned above, WVAW is committing an annual use fee of $92,500 made payable directly to the West Virginia Infrastructure and Jobs Development Council ("WVIJDC"), or its designee, to support a $3,700,000, 0%, 40-year loan for use in this Project. This use fee is based on a minimum of 354 signed user agreements with no additional customer surcharges.

WVAW has determined that it has adequate treatment plant capacity to serve the Project and agrees to provide operation and maintenance services once the Project is completed similar to previous ORPSD projects. Once the Project is complete, ORPSD will identify a portion of the Project to be owned by WVAW based on its proportionate share of the Project costs and transfer such through a bill of sale.

West Virginia American Water
1600 Pennsylvania Avenue
P.O. Box 1906
Charleston, WV 25327
USA

T 304-340-2000
F 304-340-2076
E wayne.morgan@amwater.com
I www.amwater.com

This letter supersedes and replaces any and all previous letters of financial commitment provided by WVAW regarding this project.

Sincerely,

Wayne D. Morgan
President

WDM:vst

c: Mercer County Commission
Town of Oakvale
David Cole, Region I
Ed Shutt, Stafford Consultants, Inc.
Douglas Amos
Dan Bickerton
Linda Bouvette
Mike Miller
Mark Sankoff

State of West Virginia
Earl Ray Tomblin
Governor

Office of the Governor
State Capitol
1900 Kanawha Boulevard, East
Charleston, WV 25305

Telephone: (304) 558-2000
Toll Free: 1-888-438-2731
FAX: (304) 342-7025
www.wvgov.org

June 29, 2011

Mr. Joe Coburn
President
Mercer County Commission
Court House Square
1501 West Main, Suite 210
Princeton, West Virginia 24740

Dear Mr. Coburn:

I am pleased to inform you that I have approved the Mercer County Commission project application in the amount of $1,388,000 for Appalachian Regional Commission (ARC) assistance, and I am forwarding the project for the Commission's review.

The project will extend public water service to residents and businesses in the Town of Oakvale and the surrounding area in southeastern Mercer County. Currently, residents in the project area rely upon sources of drinking water that are poor or inadequate in quality and quantity. Project will serve 298 new residential and commercial customers, including the Oakvale Elementary School.

You must not proceed with this project until you have been officially notified that it has been approved by the Commission.

I am pleased to work with you to make this improvement a reality for the citizens of West Virginia.

With warmest regards,

Earl Ray Tomblin
Governor

ERT:rhg

August 23, 2011

The Honorable Earl Ray Tomblin
Governor of West Virginia
State Capitol, Building 1
Charleston, West Virginia 25305

Re: Mercer/Summers IV A Waterline Extension (WV-17050-214-11)

Dear Governor Tomblin:

Enclosed is a copy of the Appalachian Regional Commission's approval of a grant for the referenced project dated August 22, 2011.

Appalachian Regional Commission funds in the amount of $1,388,000 have been made available to the Director, Office of Block Grant Assistance, U.S. Department of Housing and Urban Development.

A copy of the approval is enclosed.

Sincerely yours,

THOMAS M. HUNTER
Executive Director

Enclosure

cc: State Alternate
James Bush
Gregory Faulkner
Files

APPALACHIAN REGIONAL COMMISSION

A Proud Past, A New Vision

Notice to Obligate

To: Stan Gimont, Director
Office of Block Grant Assistance
US Department of HUD
451 Seventh St SW #7286
Washington, DC 20410
ATTN: James Hoemann

Pursuant to the Appalachian Regional Development Act of 1965, as amended, the Appalachian Regional Commission has approved the referenced project under appropriation 46X0200. The Department of Housing and Urban Development has agreed to obligate and administer the grant under a Memorandum of Agreement with the Appalachian Regional Commission.

ARC Project Number: WV-17050
Project Title: Mercer/Summers IVA Waterline Extension
Grantee: Mercer County Commission
Approved Funding:

ARC Section 214	$1,388,000	17.65%
CDBG	$0	0.00%
Other Federal	$700,000	8.90%
State	$3,741,000	47.58%
Local	$2,033,000	25.86%
Total Project Cost	$7,862,000	100.00%

Approved:

Earl Gohl Jr.
Federal Co-Chair

AUG 2 2 2011
Date

APPALACHIAN REGIONAL COMMISSION

A Proud Past, A New Vision

PROJECT ANNOUNCEMENT

Subject:	Mercer/Summers IV A Waterline Extension ARC Project Number: WV-17050-214-11	
Grantee:	Mercer County Commission Princeton, WV	
Local Contact:	David Cole 304-431-7225	Congressional District(s): 3

Funding:		
	ARC	$ 1,388,000
	Other Federal	700,000
	State	3,741,000
	Local	2,033,000
	Total	$ 7,862,000

AUG 2 2 2011

WASHINGTON, D.C.- The Appalachian Regional Commission announced today approval of a grant in the amount of $1,388,000 to the Mercer County Commission for the Mercer/Summers Phase IV-A Waterline Extension. The extension will provide potable water into southeastern Mercer County by traveling parallel to US 460 or Corridor Q of the Appalachian Development Highway System. It will consist of one 95,000 gallon storage tank and approximately 24.5 miles of water line that will run from near the intersection of I-77 at Princeton, east to the Town of Oakvale.

Southeastern Mercer County does not have access to domestically supplied potable water service. The lack of water service is an impediment to economic development and the overall growth for Mercer County. Residents, schools and businesses currently source water from individual wells of which a majority have tested positive for E. coli and coliform. The extension of water service will make it possible for 352 households, seven businesses and one elementary school in the project area to receive a safe and adequate supply of potable water. The new water line extension will also promote economic development along Corridor Q as potential business owners and future residents are given access to domestic water service and fire protection.

In addition to the $1,388,000 in ARC funds, other federal sources will provide $700,000, state sources will provide $3,741,000, and local sources will provide $2,033,000, bringing the total project funding to $7,862,000.

APPALACHIAN REGIONAL COMMISSION

A Proud Past, A New Vision

To: Earl F. Gohl, Federal Co-Chair

Subject: Mercer/Summers IV A Waterline Extension
WV-17050-214-11

Grantee: Mercer County Commission
Princeton, West Virginia

County: Transitional: Mercer

Basic Agency: Housing and Urban Development (HUD)

Goal: ARC Goal 3, Objective 2. State Strategy: 3.2.1 Assist community and regional water supply and sewage disposal projects that will address serious health/environmental compliance issues or that constitute a barrier to private investment leading to job creation or retention or community revitalization.

Purpose: To extend potable water into southeastern Mercer County to include the Town of Oakvale as Phase IV A of the Mercer/Summers Regional Water Project.

Funding:

ARC	$ 1,388,000 (AD)	18%
Other Federal	700,000	9%
State	3,741,000	48%
Local	2,033,000	26%
Total	$7,862,000	100%

Description
Mercer County Commission is seeking funding to extend potable water service into southeastern Mercer County including the Town of Oakvale. This project is Phase IV A of the Mercer/Summers Regional Water Project that began in the 1990's. It will parallel Corridor Q from near its intersection with I-77 at Princeton, east to the Town of Oakvale. The project consists of approximately 124,500 linear feet of water mains, a 95,000 gallon water storage tank, fire hydrants and other appurtenances.

Rationale/Benefits:
- The proposed water line will bring potable water to 352 households, seven businesses and Oakvale Elementary School. Currently, residents, businesses and the elementary school source their water from individual water wells of which 66% are contaminated with E. coli and or coliform. The poor water conditions not only impact the residents, school children and businesses but also impedes future economic development and growth within the project area.
- Local officials believe the water extension will be a catalyst for economic development along Corridor Q as has been demonstrated in Princeton. Without the water extension, economic development will continue to elude southeastern Mercer County as viable business prospects seek out areas that offer domestically supplied water and fire protection for their investment and people.

WV-17050-214-11

Performance Measurements:

Outputs:

- Outputs for this project include over 23.5 miles of water line, one 95,000 gallon storage tank, fire hydrants, and other appurtenances.

Outcomes:

- Outcomes for this project include potable water service for 352 households, seven businesses with over 60 employees and Oakvale Elementary School with 245 students and staff members.

This project will have no impact on distressed areas. The project is consistent with the ARC Act and Code and is recommended for funding.

RECOMMENDED:

Thomas M. Hunter
Executive Director

PWSID: WV3302839

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

350 CAPITOL STREET, ROOM 313
CHARLESTON, WV 25301-3713
Telephone (304) 558-2981

PERMIT

(Water)

PROJECT: Mercer/Summers Phase IV-A Water Line Extension **PERMIT NO.:** 18,753

LOCATION: Oakvale **COUNTY:** Mercer **DATE:** 2-22-2011

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Oakvale Road Public Service District
P. O. Box 1061
Princeton, West Virginia 24740

is hereby granted approval to: install approximately 29,888 LF of 12", 898 LF of 10", 53,382 LF of 8", 25,373 LF of 6", 755 LF of 4" and 16,167 LF of 2" water line; two (2) dual 2"/6" pressure reducing stations; one (1) 100,000 gallon water storage tank; and all necessary valves, controls and appurtenances.

Facilities are to serve 372 customers in the Mercer/Summers Phase IV-A project in the Oakvale Road Public Service District.

NOTE: **This permit is contingent upon: 1) All new water line and water storage tank being disinfected, flushed and bacteriologically tested, prior to use; and 2) Enclosing the proposed 100,000 gallon tank with a minimum six (6) feet high fence with a locking gate.**

The Environmental Engineering Division of the **OEHS Beckley District Office, (304) 256-6666**, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:plk

pc: Stafford Consultants, Inc
Ingrid Ferrell, PSC-Engineering Division
Amy Swann, PSC-Water and Wastewater Division
Mercer County Health Department
OEHS-EED Beckley District Office

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **September 8, 2011**

Re: **Oakvale Road Public Service District Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund)**

---

1. DISBURSEMENTS TO THE OAKVALE ROAD PUBLIC SERVICE DISTRICT

Payor:	West Virginia Infrastructure Fund
Amount:	$17,500
Form:	Wire
Payee:	Oakvale Road Public Service District 386 Athens Road, Princeton, WV
Bank:	New Peoples Bank, 1221 Stafford Dr., Princeton, WV
ABA:	051408897
Account #:	100006162
Contact:	Lynn Mayberry 304.487.9800
Account:	Series 2011 Bonds Construction Fund

RESOLUTION OF THE OAKVALE ROAD PSD
APPROVING INVOICES RELATING TO CONSTRUCTION AND
OTHER SERVICES FOR THE MERCER/SUMMERS PHASE IV-A WATER PROJECT
AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, the Oakvale Road PSD has reviewed the invoices attached hereto and incorporated herein by reference relating to the construction of the Mercer / Summers IV-A Water Project funded by the West Virginia Infrastructure & Jobs Development Council (IJDC), HUD Small Cities Block Grant (SCBG), WV Governors Contingency Grant, Bureau for Public Health Design Grant (BPH), West Virginia American Water Grant (WVAW), US Army Corps of Engineers Grant (COE), Oakvale Road PSD contribution (ORPSD), and an Appalachian Regional Commission Grant (ARC), and finds as follows:

a) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement heretofore made.

b) That each item for which the payment is proposed to be paid is or was necessary in connection with the project and constitutes a cost of the project.

c) That each of such costs has been otherwise property incurred.

d) That payment for each of the items proposed is due and owing as the date hereof.

NOW, THEREFORE, BE IT RESOLVED BY THE OAKVALE ROAD PSD AS FOLLOWS:

There is herby authorized and directed the payment of the attached invoices as follows:

VENDOR NAME/ PAYEE	TOTAL AMOUNT	IJDC	SCBG	COE	WVAW	GOVERNORS CONTINGENCY	ARC
STAFFORD CONSULTANTS, INC. (ENGINEERING)	$0.00						
WILLIAM S. WINFREY, II, ATTORNEY (LEGAL)	$0.00						
STEPTOE & JOHNSON, PLLC (BOND COUNSEL)	$17,000.00	$17,000.00					
HUNTINGTON NATIONAL BANK (REGISTRAR)	$500.00	$500.00					
JOEL J. NUNES (R-O-W NEGOTIATOR / ACQUISITION)	$0.00						
OAKVALE ROAD PSD (CONDEMNATIONS)/ LEGAL	$0.00						
OAKVALE ROAD PSD (CONDEMNATIONS) / ACQUIS.	$0.00						
TOTALS	**$17,500.00**	**$17,500.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**

ADOPTED BY THE Oakvale Road PSD, at their meeting held the 1st day of September 2011.

Oakvale Road PSD

BY: Pamela G Brown Jr

Its: General Manager

WEST VIRGINIA
Water Development Authority
Celebrating 36 Years of Service ***1974 - 2010***

September 8, 2011

Oakvale Road Public Service District
Water Revenue Bonds, Series 2011 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon a certificate of Griffith & Associates, independent certified public accountants and Steptoe & Johnson PLLC, bond counsel, stating that the parity and coverage requirements have been met, the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds, Series 2011 A (West Virginia Infrastructure Fund), (the "Bonds"), in the original aggregate principal amounts of $3,400,000 by Oakvale Road Public Service District (the "Issuer"), under the terms of the resolution authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding: (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 (the "Series 1996 Bonds"); (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 (the "Series 1999 A Bonds"); (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 (the "Series 1999 B Bonds"); and (iv) Water Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated June 4, 2002, issued in the original aggregate principal amount of $558,620 (the "Series 2002 A Bonds"), (collectively, the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Carol A. Cummings

Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
Phone (304) 558-3612 / fax (304) 558-0299
www.wvwda.org

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

(SPECIMEN 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

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: December 4, 1996.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

Charlotte L Morgan

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 8,507,286.40	12/04/96	(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

INFRASTRUCTURE FUND

1996 SERIES B

Oakvale Road PSD
$12,700,000.00
3% interest

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
6/01/1997	73,173.90	3.00000%	63,500.00	136,673.90
9/01/1997	41,972.70	3.00000%	94,701.20	136,673.90
12/01/1997	42,287.50	3.00000%	94,386.40	136,673.90
3/01/1998	42,604.65	3.00000%	94,069.24	136,673.89
6/01/1998	42,924.19	3.00000%	93,749.71	136,673.90
9/01/1998	43,246.12	3.00000%	93,427.78	136,673.90
12/01/1998	43,570.46	3.00000%	93,103.43	136,673.89
3/01/1999	43,897.24	3.00000%	92,776.65	136,673.89
6/01/1999	44,226.47	3.00000%	92,447.42	136,673.89
9/01/1999	44,558.17	3.00000%	92,115.73	136,673.90
12/01/1999	44,892.36	3.00000%	91,781.54	136,673.90
3/01/2000	45,229.05	3.00000%	91,444.85	136,673.90
6/01/2000	45,568.27	3.00000%	91,105.63	136,673.90
9/01/2000	45,910.03	3.00000%	90,763.87	136,673.90
12/01/2000	46,254.35	3.00000%	90,419.54	136,673.89
3/01/2001	46,601.26	3.00000%	90,072.63	136,673.89
6/01/2001	46,950.77	3.00000%	89,723.12	136,673.89
9/01/2001	47,302.90	3.00000%	89,370.99	136,673.89
12/01/2001	47,657.67	3.00000%	89,016.22	136,673.89
3/01/2002	48,015.11	3.00000%	88,658.79	136,673.90
6/01/2002	48,375.22	3.00000%	88,298.68	136,673.90
9/01/2002	48,738.03	3.00000%	87,935.86	136,673.89
12/01/2002	49,103.57	3.00000%	87,570.33	136,673.90
3/01/2003	49,471.85	3.00000%	87,202.05	136,673.90
6/01/2003	49,842.89	3.00000%	86,831.01	136,673.90
9/01/2003	50,216.71	3.00000%	86,457.19	136,673.90
12/01/2003	50,593.33	3.00000%	86,080.56	136,673.89
3/01/2004	50,972.78	3.00000%	85,701.11	136,673.89
6/01/2004	51,355.08	3.00000%	85,318.82	136,673.90
9/01/2004	51,740.24	3.00000%	84,933.66	136,673.90
12/01/2004	52,128.29	3.00000%	84,545.60	136,673.89
3/01/2005	52,519.26	3.00000%	84,154.64	136,673.90
6/01/2005	52,913.15	3.00000%	83,760.75	136,673.90
9/01/2005	53,310.00	3.00000%	83,363.90	136,673.90
12/01/2005	53,709.82	3.00000%	82,964.07	136,673.89
3/01/2006	54,112.65	3.00000%	82,561.25	136,673.90
6/01/2006	54,518.49	3.00000%	82,155.40	136,673.89
9/01/2006	54,927.38	3.00000%	81,746.52	136,673.90
12/01/2006	55,339.34	3.00000%	81,334.56	136,673.90
3/01/2007	55,754.38	3.00000%	80,919.52	136,673.90
6/01/2007	56,172.54	3.00000%	80,501.36	136,673.90
9/01/2007	56,593.83	3.00000%	80,080.06	136,673.89
12/01/2007	57,018.29	3.00000%	79,655.61	136,673.90
3/01/2008	57,445.92	3.00000%	79,227.97	136,673.89
6/01/2008	57,876.77	3.00000%	78,797.13	136,673.90

Oakvale Road PSD
$12,700,000.00
3% interest

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
9/01/2008	58,310.84	3.00000%	78,363.05	136,673.89
12/01/2008	58,748.18	3.00000%	77,925.72	136,673.90
3/01/2009	59,188.79	3.00000%	77,485.11	136,673.90
6/01/2009	59,632.70	3.00000%	77,041.19	136,673.89
9/01/2009	60,079.95	3.00000%	76,593.95	136,673.90
12/01/2009	60,530.55	3.00000%	76,143.35	136,673.90
3/01/2010	60,984.53	3.00000%	75,689.37	136,673.90
6/01/2010	61,441.91	3.00000%	75,231.99	136,673.90
9/01/2010	61,902.72	3.00000%	74,771.17	136,673.89
12/01/2010	62,367.00	3.00000%	74,306.90	136,673.90
3/01/2011	62,834.75	3.00000%	73,839.15	136,673.90
6/01/2011	63,306.01	3.00000%	73,367.89	136,673.90
9/01/2011	63,780.80	3.00000%	72,893.09	136,673.89
12/01/2011	64,259.16	3.00000%	72,414.74	136,673.90
3/01/2012	64,741.10	3.00000%	71,932.79	136,673.89
6/01/2012	65,226.66	3.00000%	71,447.24	136,673.90
9/01/2012	65,715.86	3.00000%	70,958.04	136,673.90
12/01/2012	66,208.73	3.00000%	70,465.17	136,673.90
3/01/2013	66,705.30	3.00000%	69,968.60	136,673.90
6/01/2013	67,205.59	3.00000%	69,468.31	136,673.90
9/01/2013	67,709.63	3.00000%	68,964.27	136,673.90
12/01/2013	68,217.45	3.00000%	68,456.45	136,673.90
3/01/2014	68,729.08	3.00000%	67,944.82	136,673.90
6/01/2014	69,244.55	3.00000%	67,429.35	136,673.90
9/01/2014	69,763.88	3.00000%	66,910.01	136,673.89
12/01/2014	70,287.11	3.00000%	66,386.78	136,673.89
3/01/2015	70,814.27	3.00000%	65,859.63	136,673.90
6/01/2015	71,345.37	3.00000%	65,328.52	136,673.89
9/01/2015	71,880.46	3.00000%	64,793.43	136,673.89
12/01/2015	72,419.57	3.00000%	64,254.33	136,673.90
3/01/2016	72,962.71	3.00000%	63,711.18	136,673.89
6/01/2016	73,509.93	3.00000%	63,163.96	136,673.89
9/01/2016	74,061.26	3.00000%	62,612.64	136,673.90
12/01/2016	74,616.72	3.00000%	62,057.18	136,673.90
3/01/2017	75,176.34	3.00000%	61,497.55	136,673.89
6/01/2017	75,740.16	3.00000%	60,933.73	136,673.89
9/01/2017	76,308.22	3.00000%	60,365.68	136,673.90
12/01/2017	76,880.53	3.00000%	59,793.37	136,673.90
3/01/2018	77,457.13	3.00000%	59,216.76	136,673.89
6/01/2018	78,038.06	3.00000%	58,635.84	136,673.90
9/01/2018	78,623.35	3.00000%	58,050.55	136,673.90
12/01/2018	79,213.02	3.00000%	57,460.88	136,673.90
3/01/2019	79,807.12	3.00000%	56,866.78	136,673.90
6/01/2019	80,405.67	3.00000%	56,268.22	136,673.89
9/01/2019	81,008.71	3.00000%	55,665.18	136,673.89

Oakvale Road PSD
$12,700,000.00
3% interest

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
12/01/2019	81,616.28	3.00000%	55,057.62	136,673.90
3/01/2020	82,228.40	3.00000%	54,445.49	136,673.89
6/01/2020	82,845.11	3.00000%	53,828.78	136,673.89
9/01/2020	83,466.45	3.00000%	53,207.44	136,673.89
12/01/2020	84,092.45	3.00000%	52,581.45	136,673.90
3/01/2021	84,723.14	3.00000%	51,950.75	136,673.89
6/01/2021	85,358.57	3.00000%	51,315.33	136,673.90
9/01/2021	85,998.76	3.00000%	50,675.14	136,673.90
12/01/2021	86,643.75	3.00000%	50,030.15	136,673.90
3/01/2022	87,293.58	3.00000%	49,380.32	136,673.90
6/01/2022	87,948.28	3.00000%	48,725.62	136,673.90
9/01/2022	88,607.89	3.00000%	48,066.01	136,673.90
12/01/2022	89,272.45	3.00000%	47,401.45	136,673.90
3/01/2023	89,941.99	3.00000%	46,731.90	136,673.89
6/01/2023	90,616.56	3.00000%	46,057.34	136,673.90
9/01/2023	91,296.18	3.00000%	45,377.71	136,673.89
12/01/2023	91,980.90	3.00000%	44,692.99	136,673.89
3/01/2024	92,670.76	3.00000%	44,003.14	136,673.90
6/01/2024	93,365.79	3.00000%	43,308.11	136,673.90
9/01/2024	94,066.03	3.00000%	42,607.86	136,673.89
12/01/2024	94,771.53	3.00000%	41,902.37	136,673.90
3/01/2025	95,482.32	3.00000%	41,191.58	136,673.90
6/01/2025	96,198.43	3.00000%	40,475.46	136,673.89
9/01/2025	96,919.92	3.00000%	39,753.97	136,673.89
12/01/2025	97,646.82	3.00000%	39,027.08	136,673.90
3/01/2026	98,379.17	3.00000%	38,294.72	136,673.89
6/01/2026	99,117.02	3.00000%	37,556.88	136,673.90
9/01/2026	99,860.39	3.00000%	36,813.50	136,673.89
12/01/2026	100,609.35	3.00000%	36,064.55	136,673.90
3/01/2027	101,363.92	3.00000%	35,309.98	136,673.90
6/01/2027	102,124.15	3.00000%	34,549.75	136,673.90
9/01/2027	102,890.08	3.00000%	33,783.82	136,673.90
12/01/2027	103,661.75	3.00000%	33,012.14	136,673.89
3/01/2028	104,439.22	3.00000%	32,234.68	136,673.90
6/01/2028	105,222.51	3.00000%	31,451.39	136,673.90
9/01/2028	106,011.68	3.00000%	30,662.22	136,673.90
12/01/2028	106,806.77	3.00000%	29,867.13	136,673.90
3/01/2029	107,607.82	3.00000%	29,066.08	136,673.90
6/01/2029	108,414.88	3.00000%	28,259.02	136,673.90
9/01/2029	109,227.99	3.00000%	27,445.91	136,673.90
12/01/2029	110,047.20	3.00000%	26,626.70	136,673.90
3/01/2030	110,872.55	3.00000%	25,801.35	136,673.90
6/01/2030	111,704.10	3.00000%	24,969.80	136,673.90
9/01/2030	112,541.88	3.00000%	24,132.02	136,673.90
12/01/2030	113,385.94	3.00000%	23,287.96	136,673.90

Oakvale Road PSD
$12,700,000.00
3% interest

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
3/01/2031	114,236.33	3.00000%	22,437.56	136,673.89
6/01/2031	115,093.11	3.00000%	21,580.79	136,673.90
9/01/2031	115,956.31	3.00000%	20,717.59	136,673.90
12/01/2031	116,825.98	3.00000%	19,847.92	136,673.90
3/01/2032	117,702.17	3.00000%	18,971.72	136,673.89
6/01/2032	118,584.94	3.00000%	18,088.96	136,673.90
9/01/2032	119,474.33	3.00000%	17,199.57	136,673.90
12/01/2032	120,370.38	3.00000%	16,303.51	136,673.89
3/01/2033	121,273.16	3.00000%	15,400.73	136,673.89
6/01/2033	122,182.71	3.00000%	14,491.19	136,673.90
9/01/2033	123,099.08	3.00000%	13,574.82	136,673.90
12/01/2033	124,022.32	3.00000%	12,651.57	136,673.89
3/01/2034	124,952.49	3.00000%	11,721.41	136,673.90
6/01/2034	125,889.63	3.00000%	10,784.26	136,673.89
9/01/2034	126,833.81	3.00000%	9,840.09	136,673.90
12/01/2034	127,785.06	3.00000%	8,888.84	136,673.90
3/01/2035	128,743.45	3.00000%	7,930.45	136,673.90
6/01/2035	129,709.02	3.00000%	6,964.87	136,673.89
9/01/2035	130,681.84	3.00000%	5,992.05	136,673.89
12/01/2035	131,661.96	3.00000%	5,011.94	136,673.90
3/01/2036	132,649.42	3.00000%	4,024.48	136,673.90
6/01/2036	133,644.29	3.00000%	3,029.61	136,673.90
9/01/2036	134,646.62	3.00000%	2,027.27	136,673.89
12/01/2036	135,656.47	3.00000%	1,017.42	136,673.89
TOTAL	12,700,000.00	-	9,031,149.54	21,731,149.54

YIELD STATISTICS

Accrued Interest from 04/01/1997 to 04/01/1997...	-
Average Life.....	23.704 YEARS
Bond Years.....	301,038.32
Average Coupon.....	3.0000000%
Net Interest Cost (NIC).....	3.0000000%
Bond Yield for Arbitrage Purposes.....	3.0112892%
True Interest Cost (TIC).....	3.0112892%
Effective Interest Cost (EIC).....	3.0112892%

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:

_____

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 Rowlin

Secretary

03/22/99
667990/98001

(SPECIMEN 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-1 $1,268,489

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 ONE MILLION TWO HUNDRED SIXTY-EIGHT THOUSAND FOUR HUNDRED EIGHTY-NINE DOLLARS ($1,268,489), 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 April 23, 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 April 20, 1999, and a Supplemental Resolution duly adopted by the Issuer on April 20, 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 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 April 23, 1999.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

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: April 23, 1999.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

_____

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$33,806	4-23-99	(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

Oakvale Road Public Service District, WV

Infrastructure Fund (Series 1996 B) Loan
$1,268,489; 3% Interest Rate; 40 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/1999	-	-	-	-
9/01/1999	-	-	-	-
12/01/1999	-	-	-	-
3/01/2000	4,262.00	3.000%	9,513.67	13,775.67
6/01/2000	4,294.00	3.000%	9,481.70	13,775.70
9/01/2000	4,327.00	3.000%	9,449.50	13,776.50
12/01/2000	4,359.00	3.000%	9,417.05	13,776.05
3/01/2001	4,392.00	3.000%	9,384.35	13,776.35
6/01/2001	4,425.00	3.000%	9,351.41	13,776.41
9/01/2001	4,458.00	3.000%	9,318.23	13,776.23
12/01/2001	4,491.00	3.000%	9,284.79	13,775.79
3/01/2002	4,525.00	3.000%	9,251.11	13,776.11
6/01/2002	4,559.00	3.000%	9,217.17	13,776.17
9/01/2002	4,593.00	3.000%	9,182.98	13,775.98
12/01/2002	4,627.00	3.000%	9,148.53	13,775.53
3/01/2003	4,662.00	3.000%	9,113.83	13,775.83
6/01/2003	4,697.00	3.000%	9,078.86	13,775.86
9/01/2003	4,732.00	3.000%	9,043.64	13,775.64
12/01/2003	4,768.00	3.000%	9,008.15	13,776.15
3/01/2004	4,804.00	3.000%	8,972.39	13,776.39
6/01/2004	4,840.00	3.000%	8,936.36	13,776.36
9/01/2004	4,876.00	3.000%	8,900.06	13,776.06
12/01/2004	4,913.00	3.000%	8,863.49	13,776.49
3/01/2005	4,949.00	3.000%	8,826.64	13,775.64
6/01/2005	4,987.00	3.000%	8,789.52	13,776.52
9/01/2005	5,024.00	3.000%	8,752.12	13,776.12
12/01/2005	5,062.00	3.000%	8,714.44	13,776.44
3/01/2006	5,100.00	3.000%	8,676.47	13,776.47
6/01/2006	5,138.00	3.000%	8,638.22	13,776.22
9/01/2006	5,176.00	3.000%	8,599.69	13,775.69
12/01/2006	5,215.00	3.000%	8,560.87	13,775.87
3/01/2007	5,254.00	3.000%	8,521.76	13,775.76
6/01/2007	5,294.00	3.000%	8,482.35	13,776.35
9/01/2007	5,333.00	3.000%	8,442.65	13,775.65
12/01/2007	5,373.00	3.000%	8,402.65	13,775.65
3/01/2008	5,414.00	3.000%	8,362.35	13,776.35
6/01/2008	5,454.00	3.000%	8,321.75	13,775.75
9/01/2008	5,495.00	3.000%	8,280.84	13,775.84
12/01/2008	5,536.00	3.000%	8,239.63	13,775.63
3/01/2009	5,578.00	3.000%	8,198.11	13,776.11
6/01/2009	5,620.00	3.000%	8,156.27	13,776.27
9/01/2009	5,662.00	3.000%	8,114.12	13,776.12
12/01/2009	5,704.00	3.000%	8,071.66	13,775.66
3/01/2010	5,747.00	3.000%	8,028.88	13,775.88
6/01/2010	5,790.00	3.000%	7,985.78	13,775.78
9/01/2010	5,834.00	3.000%	7,942.35	13,776.35
12/01/2010	5,877.00	3.000%	7,898.60	13,775.60

Oakvale Road Public Service District, WV

Infrastructure Fund (Series 1996 B) Loan

$1,268,489; 3% Interest Rate; 40 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
3/01/2011	5,922.00	3.000%	7,854.52	13,776.52
6/01/2011	5,966.00	3.000%	7,810.10	13,776.10
9/01/2011	6,011.00	3.000%	7,765.36	13,776.36
12/01/2011	6,056.00	3.000%	7,720.28	13,776.28
3/01/2012	6,101.00	3.000%	7,674.86	13,775.86
6/01/2012	6,147.00	3.000%	7,629.10	13,776.10
9/01/2012	6,193.00	3.000%	7,583.00	13,776.00
12/01/2012	6,239.00	3.000%	7,536.55	13,775.55
3/01/2013	6,286.00	3.000%	7,489.76	13,775.76
6/01/2013	6,333.00	3.000%	7,442.61	13,775.61
9/01/2013	6,381.00	3.000%	7,395.11	13,776.11
12/01/2013	6,429.00	3.000%	7,347.26	13,776.26
3/01/2014	6,477.00	3.000%	7,299.04	13,776.04
6/01/2014	6,526.00	3.000%	7,250.46	13,776.46
9/01/2014	6,575.00	3.000%	7,201.52	13,776.52
12/01/2014	6,624.00	3.000%	7,152.20	13,776.20
3/01/2015	6,674.00	3.000%	7,102.52	13,776.52
6/01/2015	6,724.00	3.000%	7,052.47	13,776.47
9/01/2015	6,774.00	3.000%	7,002.04	13,776.04
12/01/2015	6,825.00	3.000%	6,951.23	13,776.23
3/01/2016	6,876.00	3.000%	6,900.05	13,776.05
6/01/2016	6,928.00	3.000%	6,848.48	13,776.48
9/01/2016	6,979.00	3.000%	6,796.52	13,775.52
12/01/2016	7,032.00	3.000%	6,744.17	13,776.17
3/01/2017	7,085.00	3.000%	6,691.43	13,776.43
6/01/2017	7,138.00	3.000%	6,638.30	13,776.30
9/01/2017	7,191.00	3.000%	6,584.76	13,775.76
12/01/2017	7,245.00	3.000%	6,530.83	13,775.83
3/01/2018	7,300.00	3.000%	6,476.49	13,776.49
6/01/2018	7,354.00	3.000%	6,421.74	13,775.74
9/01/2018	7,409.00	3.000%	6,366.59	13,775.59
12/01/2018	7,465.00	3.000%	6,311.02	13,776.02
3/01/2019	7,521.00	3.000%	6,255.03	13,776.03
6/01/2019	7,577.00	3.000%	6,198.62	13,775.62
9/01/2019	7,634.00	3.000%	6,141.80	13,775.80
12/01/2019	7,691.00	3.000%	6,084.54	13,775.54
3/01/2020	7,749.00	3.000%	6,026.86	13,775.86
6/01/2020	7,807.00	3.000%	5,968.74	13,775.74
9/01/2020	7,866.00	3.000%	5,910.19	13,776.19
12/01/2020	7,925.00	3.000%	5,851.19	13,776.19
3/01/2021	7,984.00	3.000%	5,791.76	13,775.76
6/01/2021	8,044.00	3.000%	5,731.88	13,775.88
9/01/2021	8,104.00	3.000%	5,671.55	13,775.55
12/01/2021	8,165.00	3.000%	5,610.77	13,775.77
3/01/2022	8,227.00	3.000%	5,549.53	13,776.53
6/01/2022	8,288.00	3.000%	5,487.83	13,775.83
9/01/2022	8,350.00	3.000%	5,425.67	13,775.67

Oakvale Road Public Service District, WV

Infrastructure Fund (Series 1996 B) Loan
$1,268,489; 3% Interest Rate; 40 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
12/01/2022	8,413.00	3.000%	5,363.04	13,776.04
3/01/2023	8,476.00	3.000%	5,299.94	13,775.94
6/01/2023	8,540.00	3.000%	5,236.37	13,776.37
9/01/2023	8,604.00	3.000%	5,172.32	13,776.32
12/01/2023	8,668.00	3.000%	5,107.79	13,775.79
3/01/2024	8,733.00	3.000%	5,042.78	13,775.78
6/01/2024	8,799.00	3.000%	4,977.29	13,776.29
9/01/2024	8,865.00	3.000%	4,911.29	13,776.29
12/01/2024	8,931.00	3.000%	4,844.81	13,775.81
3/01/2025	8,998.00	3.000%	4,777.82	13,775.82
6/01/2025	9,066.00	3.000%	4,710.34	13,776.34
9/01/2025	9,134.00	3.000%	4,642.34	13,776.34
12/01/2025	9,202.00	3.000%	4,573.84	13,775.84
3/01/2026	9,271.00	3.000%	4,504.82	13,775.82
6/01/2026	9,341.00	3.000%	4,435.29	13,776.29
9/01/2026	9,411.00	3.000%	4,365.23	13,776.23
12/01/2026	9,481.00	3.000%	4,294.65	13,775.65
3/01/2027	9,552.00	3.000%	4,223.54	13,775.54
6/01/2027	9,624.00	3.000%	4,151.90	13,775.90
9/01/2027	9,696.00	3.000%	4,079.72	13,775.72
12/01/2027	9,769.00	3.000%	4,007.00	13,776.00
3/01/2028	9,842.00	3.000%	3,933.74	13,775.74
6/01/2028	9,916.00	3.000%	3,859.92	13,775.92
9/01/2028	9,990.00	3.000%	3,785.55	13,775.55
12/01/2028	10,065.00	3.000%	3,710.63	13,775.63
3/01/2029	10,141.00	3.000%	3,635.14	13,776.14
6/01/2029	10,217.00	3.000%	3,559.08	13,776.08
9/01/2029	10,294.00	3.000%	3,482.45	13,776.45
12/01/2029	10,371.00	3.000%	3,405.25	13,776.25
3/01/2030	10,449.00	3.000%	3,327.47	13,776.47
6/01/2030	10,527.00	3.000%	3,249.10	13,776.10
9/01/2030	10,606.00	3.000%	3,170.15	13,776.15
12/01/2030	10,685.00	3.000%	3,090.60	13,775.60
3/01/2031	10,766.00	3.000%	3,010.46	13,776.46
6/01/2031	10,846.00	3.000%	2,929.72	13,775.72
9/01/2031	10,928.00	3.000%	2,848.37	13,776.37
12/01/2031	11,010.00	3.000%	2,766.41	13,776.41
3/01/2032	11,092.00	3.000%	2,683.84	13,775.84
6/01/2032	11,175.00	3.000%	2,600.65	13,775.65
9/01/2032	11,259.00	3.000%	2,516.84	13,775.84
12/01/2032	11,344.00	3.000%	2,432.39	13,776.39
3/01/2033	11,429.00	3.000%	2,347.31	13,776.31
6/01/2033	11,514.00	3.000%	2,261.60	13,775.60
9/01/2033	11,601.00	3.000%	2,175.24	13,776.24
12/01/2033	11,688.00	3.000%	2,088.23	13,776.23
3/01/2034	11,775.00	3.000%	2,000.57	13,775.57
6/01/2034	11,864.00	3.000%	1,912.26	13,776.26

Oakvale Road Public Service District, WV

Infrastructure Fund (Series 1996 B) Loan
$1,268,489; 3% Interest Rate; 40 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
9/01/2034	11,953.00	3.000%	1,823.28	13,776.28
12/01/2034	12,042.00	3.000%	1,733.63	13,775.63
3/01/2035	12,133.00	3.000%	1,643.32	13,776.32
6/01/2035	12,224.00	3.000%	1,552.32	13,776.32
9/01/2035	12,315.00	3.000%	1,460.64	13,775.64
12/01/2035	12,408.00	3.000%	1,368.28	13,776.28
3/01/2036	12,501.00	3.000%	1,275.22	13,776.22
6/01/2036	12,595.00	3.000%	1,181.46	13,776.46
9/01/2036	12,689.00	3.000%	1,087.00	13,776.00
12/01/2036	12,784.00	3.000%	991.83	13,775.83
3/01/2037	12,880.00	3.000%	895.95	13,775.95
6/01/2037	12,977.00	3.000%	799.35	13,776.35
9/01/2037	13,074.00	3.000%	702.02	13,776.02
12/01/2037	13,172.00	3.000%	603.97	13,775.97
3/01/2038	13,271.00	3.000%	505.18	13,776.18
6/01/2038	13,370.00	3.000%	405.65	13,775.65
9/01/2038	13,471.00	3.000%	305.37	13,776.37
12/01/2038	13,572.00	3.000%	204.34	13,776.34
3/01/2039	13,673.00	3.000%	102.55	13,775.55
Total	**1,268,489.00**	-	**894,347.77**	**2,162,836.77**

YIELD STATISTICS

Accrued Interest from 04/23/1999 to 04/23/1999	(32,557.88)
Bond Year Dollars	$30,579.73
Average Life	24.107 Years
Average Coupon	2.9246428%
Net Interest Cost (NIC)	2.9246428%
True Interest Cost (TIC)	3.0596532%
Bond Yield for Arbitrage Purposes	3.0596532%
All Inclusive Cost (AIC)	3.0596532%

IRS FORM 8038

Net Interest Cost	3.0311117%
Weighted Average Maturity	24.107 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:

_____

04/19/99
667990/98001

OAKVALE ROAD PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 1999 B
(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 $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.

OAKVALE ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 1999 B
(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 B (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 November 4, 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 $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.

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 B (West Virginia Infrastructure Fund), of the Issuer, in the original aggregate principal amount not to exceed $731,511 (the "Bonds" or the "Series 1999 B 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 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $731,511. The Series 1999 B Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2039, and shall bear interest at the rate of 3% per annum. The principal of and interest on the Series 1999 B Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2000, and ending September 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 B Bonds. The Series 1999 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1999 B Bonds.

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

Section 3. The Issuer does hereby authorize, ratify, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the 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 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 1999 B Bonds Sinking Fund as capitalized interest.

Section 9. The balance of the proceeds of the Series 1999 B Bonds shall be deposited in the Series 1999 B 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 B 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 November 4, 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 B 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 4th day of November, 1999.

Chairman

Willis Warren
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 4th day of November, 1999.

Dated: November 4, 1999.

[SEAL]

Willis Warren
Secretary

11/01/99
667990/99001

SPECIMEN

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 THIRTY-ONE THOUSAND FIVE HUNDRED ELEVEN 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]

SPECIMEN

Chairman

ATTEST:

SPECIMEN

Secretary

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

Charlotte S Morgan

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$577,280	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

Oakvale Road Public Service District (West Virginia)

Infrastructure Fund (Series 1996 B) Loan of $731,511
3% Interest Rate; 40 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
12/01/1999	-	-	-	-
3/01/2000	2,406.00	3.000%	5,486.33	7,892.33
6/01/2000	2,424.00	3.000%	5,468.29	7,892.29
9/01/2000	2,442.00	3.000%	5,450.11	7,892.11
12/01/2000	2,460.00	3.000%	5,431.79	7,891.79
3/01/2001	2,479.00	3.000%	5,413.34	7,892.34
6/01/2001	2,497.00	3.000%	5,394.75	7,891.75
9/01/2001	2,516.00	3.000%	5,376.02	7,892.02
12/01/2001	2,535.00	3.000%	5,357.15	7,892.15
3/01/2002	2,554.00	3.000%	5,338.14	7,892.14
6/01/2002	2,573.00	3.000%	5,318.99	7,891.99
9/01/2002	2,592.00	3.000%	5,299.69	7,891.69
12/01/2002	2,612.00	3.000%	5,280.25	7,892.25
3/01/2003	2,631.00	3.000%	5,260.66	7,891.66
6/01/2003	2,651.00	3.000%	5,240.93	7,891.93
9/01/2003	2,671.00	3.000%	5,221.04	7,892.04
12/01/2003	2,691.00	3.000%	5,201.01	7,892.01
3/01/2004	2,711.00	3.000%	5,180.83	7,891.83
6/01/2004	2,731.00	3.000%	5,160.50	7,891.50
9/01/2004	2,752.00	3.000%	5,140.01	7,892.01
12/01/2004	2,773.00	3.000%	5,119.37	7,892.37
3/01/2005	2,793.00	3.000%	5,098.58	7,891.58
6/01/2005	2,814.00	3.000%	5,077.63	7,891.63
9/01/2005	2,835.00	3.000%	5,056.52	7,891.52
12/01/2005	2,857.00	3.000%	5,035.26	7,892.26
3/01/2006	2,878.00	3.000%	5,013.83	7,891.83
6/01/2006	2,900.00	3.000%	4,992.25	7,892.25
9/01/2006	2,921.00	3.000%	4,970.50	7,891.50
12/01/2006	2,943.00	3.000%	4,948.59	7,891.59
3/01/2007	2,965.00	3.000%	4,926.52	7,891.52
6/01/2007	2,988.00	3.000%	4,904.28	7,892.28
9/01/2007	3,010.00	3.000%	4,881.87	7,891.87
12/01/2007	3,033.00	3.000%	4,859.30	7,892.30
3/01/2008	3,055.00	3.000%	4,836.55	7,891.55
6/01/2008	3,078.00	3.000%	4,813.64	7,891.64
9/01/2008	3,101.00	3.000%	4,790.55	7,891.55
12/01/2008	3,125.00	3.000%	4,767.29	7,892.29
3/01/2009	3,148.00	3.000%	4,743.86	7,891.86
6/01/2009	3,172.00	3.000%	4,720.25	7,892.25
9/01/2009	3,195.00	3.000%	4,696.46	7,891.46
12/01/2009	3,219.00	3.000%	4,672.49	7,891.49
3/01/2010	3,244.00	3.000%	4,648.35	7,892.35
6/01/2010	3,268.00	3.000%	4,624.02	7,892.02
9/01/2010	3,292.00	3.000%	4,599.51	7,891.51
12/01/2010	3,317.00	3.000%	4,574.82	7,891.82
3/01/2011	3,342.00	3.000%	4,549.94	7,891.94
6/01/2011	3,367.00	3.000%	4,524.88	7,891.88

Oakvale Road Public Service District (West Virginia)

Infrastructure Fund (Series 1996 B) Loan of $731,511

3% Interest Rate; 40 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
9/01/2011	3,392.00	3.000%	4,499.63	7,891.63
12/01/2011	3,418.00	3.000%	4,474.19	7,892.19
3/01/2012	3,443.00	3.000%	4,448.55	7,891.55
6/01/2012	3,469.00	3.000%	4,422.73	7,891.73
9/01/2012	3,495.00	3.000%	4,396.71	7,891.71
12/01/2012	3,521.00	3.000%	4,370.50	7,891.50
3/01/2013	3,548.00	3.000%	4,344.09	7,892.09
6/01/2013	3,574.00	3.000%	4,317.48	7,891.48
9/01/2013	3,601.00	3.000%	4,290.68	7,891.68
12/01/2013	3,628.00	3.000%	4,263.67	7,891.67
3/01/2014	3,655.00	3.000%	4,236.46	7,891.46
6/01/2014	3,683.00	3.000%	4,209.05	7,892.05
9/01/2014	3,710.00	3.000%	4,181.42	7,891.42
12/01/2014	3,738.00	3.000%	4,153.60	7,891.60
3/01/2015	3,766.00	3.000%	4,125.56	7,891.56
6/01/2015	3,795.00	3.000%	4,097.32	7,892.32
9/01/2015	3,823.00	3.000%	4,068.86	7,891.86
12/01/2015	3,852.00	3.000%	4,040.18	7,892.18
3/01/2016	3,881.00	3.000%	4,011.29	7,892.29
6/01/2016	3,910.00	3.000%	3,982.19	7,892.19
9/01/2016	3,939.00	3.000%	3,952.86	7,891.86
12/01/2016	3,969.00	3.000%	3,923.32	7,892.32
3/01/2017	3,998.00	3.000%	3,893.55	7,891.55
6/01/2017	4,028.00	3.000%	3,863.57	7,891.57
9/01/2017	4,059.00	3.000%	3,833.36	7,892.36
12/01/2017	4,089.00	3.000%	3,802.91	7,891.91
3/01/2018	4,120.00	3.000%	3,772.25	7,892.25
6/01/2018	4,151.00	3.000%	3,741.35	7,892.35
9/01/2018	4,182.00	3.000%	3,710.21	7,892.21
12/01/2018	4,213.00	3.000%	3,678.85	7,891.85
3/01/2019	4,245.00	3.000%	3,647.25	7,892.25
6/01/2019	4,276.00	3.000%	3,615.41	7,891.41
9/01/2019	4,309.00	3.000%	3,583.34	7,892.34
12/01/2019	4,341.00	3.000%	3,551.03	7,892.03
3/01/2020	4,373.00	3.000%	3,518.47	7,891.47
6/01/2020	4,406.00	3.000%	3,485.67	7,891.67
9/01/2020	4,439.00	3.000%	3,452.63	7,891.63
12/01/2020	4,473.00	3.000%	3,419.33	7,892.33
3/01/2021	4,506.00	3.000%	3,385.79	7,891.79
6/01/2021	4,540.00	3.000%	3,351.99	7,891.99
9/01/2021	4,574.00	3.000%	3,317.94	7,891.94
12/01/2021	4,608.00	3.000%	3,283.64	7,891.64
3/01/2022	4,643.00	3.000%	3,249.08	7,892.08
6/01/2022	4,678.00	3.000%	3,214.25	7,892.25
9/01/2022	4,713.00	3.000%	3,179.17	7,892.17
12/01/2022	4,748.00	3.000%	3,143.82	7,891.82
3/01/2023	4,784.00	3.000%	3,108.21	7,892.21

Oakvale Road Public Service District (West Virginia)

Infrastructure Fund (Series 1996 B) Loan of $731,511

3% Interest Rate; 40 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2023	4,820.00	3.000%	3,072.33	7,892.33
9/01/2023	4,856.00	3.000%	3,036.18	7,892.18
12/01/2023	4,892.00	3.000%	2,999.76	7,891.76
3/01/2024	4,929.00	3.000%	2,963.07	7,892.07
6/01/2024	4,966.00	3.000%	2,926.10	7,892.10
9/01/2024	5,003.00	3.000%	2,888.86	7,891.86
12/01/2024	5,041.00	3.000%	2,851.34	7,892.34
3/01/2025	5,078.00	3.000%	2,813.53	7,891.53
6/01/2025	5,116.00	3.000%	2,775.44	7,891.44
9/01/2025	5,155.00	3.000%	2,737.07	7,892.07
12/01/2025	5,193.00	3.000%	2,698.41	7,891.41
3/01/2026	5,232.00	3.000%	2,659.46	7,891.46
6/01/2026	5,272.00	3.000%	2,620.22	7,892.22
9/01/2026	5,311.00	3.000%	2,580.68	7,891.68
12/01/2026	5,351.00	3.000%	2,540.85	7,891.85
3/01/2027	5,391.00	3.000%	2,500.72	7,891.72
6/01/2027	5,432.00	3.000%	2,460.29	7,892.29
9/01/2027	5,472.00	3.000%	2,419.55	7,891.55
12/01/2027	5,513.00	3.000%	2,378.51	7,891.51
3/01/2028	5,555.00	3.000%	2,337.16	7,892.16
6/01/2028	5,596.00	3.000%	2,295.50	7,891.50
9/01/2028	5,638.00	3.000%	2,253.53	7,891.53
12/01/2028	5,681.00	3.000%	2,211.24	7,892.24
3/01/2029	5,723.00	3.000%	2,168.63	7,891.63
6/01/2029	5,766.00	3.000%	2,125.71	7,891.71
9/01/2029	5,809.00	3.000%	2,082.47	7,891.47
12/01/2029	5,853.00	3.000%	2,038.90	7,891.90
3/01/2030	5,897.00	3.000%	1,995.00	7,892.00
6/01/2030	5,941.00	3.000%	1,950.77	7,891.77
9/01/2030	5,986.00	3.000%	1,906.22	7,892.22
12/01/2030	6,031.00	3.000%	1,861.32	7,892.32
3/01/2031	6,076.00	3.000%	1,816.09	7,892.09
6/01/2031	6,121.00	3.000%	1,770.52	7,891.52
9/01/2031	6,167.00	3.000%	1,724.61	7,891.61
12/01/2031	6,214.00	3.000%	1,678.36	7,892.36
3/01/2032	6,260.00	3.000%	1,631.75	7,891.75
6/01/2032	6,307.00	3.000%	1,584.80	7,891.80
9/01/2032	6,354.00	3.000%	1,537.50	7,891.50
12/01/2032	6,402.00	3.000%	1,489.85	7,891.85
3/01/2033	6,450.00	3.000%	1,441.83	7,891.83
6/01/2033	6,498.00	3.000%	1,393.46	7,891.46
9/01/2033	6,547.00	3.000%	1,344.72	7,891.72
12/01/2033	6,596.00	3.000%	1,295.62	7,891.62
3/01/2034	6,646.00	3.000%	1,246.15	7,892.15
6/01/2034	6,696.00	3.000%	1,196.30	7,892.30
9/01/2034	6,746.00	3.000%	1,146.08	7,892.08
12/01/2034	6,796.00	3.000%	1,095.49	7,891.49

Oakvale Road Public Service District (West Virginia)

Infrastructure Fund (Series 1996 B) Loan of $731,511

3% Interest Rate; 40 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
3/01/2035	6,847.00	3.000%	1,044.52	7,891.52
6/01/2035	6,899.00	3.000%	993.17	7,892.17
9/01/2035	6,951.00	3.000%	941.42	7,892.42
12/01/2035	7,003.00	3.000%	889.29	7,892.29
3/01/2036	7,055.00	3.000%	836.77	7,891.77
6/01/2036	7,108.00	3.000%	783.86	7,891.86
9/01/2036	7,161.00	3.000%	730.55	7,891.55
12/01/2036	7,215.00	3.000%	676.84	7,891.84
3/01/2037	7,269.00	3.000%	622.73	7,891.73
6/01/2037	7,324.00	3.000%	568.21	7,892.21
9/01/2037	7,379.00	3.000%	513.28	7,892.28
12/01/2037	7,434.00	3.000%	457.94	7,891.94
3/01/2038	7,490.00	3.000%	402.18	7,892.18
6/01/2038	7,546.00	3.000%	346.01	7,892.01
9/01/2038	7,603.00	3.000%	289.41	7,892.41
12/01/2038	7,660.00	3.000%	232.39	7,892.39
3/01/2039	7,717.00	3.000%	174.94	7,891.94
6/01/2039	7,775.00	3.000%	117.06	7,892.06
9/01/2039	7,833.00	3.000%	58.75	7,891.75
Total	**731,511.00**	-	**523,301.62**	**1,254,812.62**

YIELD STATISTICS

Accrued Interest from 11/04/1999 to 11/04/1999	(1,645.90)
Bond Year Dollars	$17,498.24
Average Life	23.921 Years
Average Coupon	2.9905951%
Net Interest Cost (NIC)	2.9905951%
True Interest Cost (TIC)	3.0113194%
Bond Yield for Arbitrage Purposes	3.0113194%
All Inclusive Cost (AIC)	3.0113194%

IRS FORM 8038

Net Interest Cost	3.0000012%
Weighted Average Maturity	23.921 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:

_____

11/02/99
667990/99001

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

Bonds Sinking Fund, the amounts required by the Prior Resolution to pay the interest on the Prior Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1996 Bonds Sinking Fund, the Series 1999 A Bonds Sinking Fund and the Series 1999 B Bonds Sinking Fund, the amounts required by the Prior Resolution to pay the principal of the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2002 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 2002 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.

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

(5) The Series 2002 A Bonds Reserve Account shall be funded with the Letter of Credit. In the event the Letter of Credit is terminated or reduced, the Issuer shall be required to fund the Series 2002 A Bonds Reserve Account in the amounts required under the Loan Agreement, unless such requirement is waived by the Council.

(6) So long as the Letter of Credit is in place, no renewal and replacement fund shall be required for the Series 2002 A Bonds. However, in the event the Letter of Credit is terminated or reduced, the Issuer shall be required to establish a Renewal and Replacement Fund in the amounts required under the Loan Agreement, unless such requirement is waived by the Council.

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 Rowlin

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.

Hillis 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 M Nowlin

Secretary

05/24/02
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	Interest	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

CH527358.1