PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

Date of Closing: January 27, 2000

BOND TRANSCRIPT

Volume I

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PUTNAM COUNTY BUILDING COMMISSION

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BOND TRANSCRIPT

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PUTNAM COUNTY BUILDING COMMISSION

WATERWORKS LEASE REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

BOND ORDINANCE

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PUTNAM COUNTY BUILDING COMMISSION

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC WATERWORKS SYSTEM OF THE PUTNAM COUNTY BUILDING COMMISSION AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE ISSUER OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS LEASE REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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 ORDAINED AND ENACTED BY THE PUTNAM COUNTY BUILDING COMMISSION:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 33 of the West Virginia Code of 1931, as amended (the "Act") and certain provisions of Chapter 8, Article 16 of the West Virginia Code of 1931, as amended (collectively with the Act, the "Bond Act"), and other applicable provisions of law.

Section 1.02. Findings. It is hereby found, determined and declared that:

A. The Putnam County Building Commission (the "Issuer") is a public corporation with perpetual existence and a county building commission within the meaning

of the Act, duly created pursuant to a resolution adopted by The County Commission of Putnam County (the "County Commission" or "Lessee") on August 28, 1980.

B. The Issuer does not presently own or operate a public waterworks system. However, the County Commission has requested and it is deemed necessary and desirable for the health and welfare of the inhabitants of Putnam County that there be acquired and constructed a public waterworks system of the Issuer, consisting of certain water mains as more thoroughly described in the Lease, as hereinafter defined, together with all appurtenant facilities, (collectively, the "Project" or the "Series 2000 B Facilities"), to be leased to the County Commission pursuant to an Agreement and Lease of the Series 2000 B Facilities, dated as of January 21, 2000, (the "Lease").

C. The Issuer and the County Commission have determined that the Series 2000 B Facilities should be operated, maintained, repaired and replaced by West Virginia-American Water Company, a West Virginia corporation (the "Company"), pursuant to the terms of an Agreement by and among the Issuer, the County Commission and the Company, to be executed in January, 2000, (the "2000 B O & M Agreement"). The Issuer and the County Commission have also determined that the customers served by the Series 2000 B Facilities should pay a monthly surcharge to the County Commission (the "Surcharges"), which Surcharges have been approved by the West Virginia Public Service Commission.

D. The County Commission, with the assistance of the Company, has provided the Issuer with plans and specifications for the acquisition, construction and equipping of the Project, which plans and specifications have been prepared by the Company as Consulting Engineers and have heretofore been filed with the Issuer. The Issuer and the County Commission have agreed to appoint the Company, and the Company has agreed to accept such appointment, as their agent for the purpose of acquisition, construction and equipping of the Project.

E. The Issuer will receive all of its Revenues (hereinafter defined) under and pursuant to the Lease. The Revenues to be paid by the County Commission to the Issuer under the Lease will be sufficient to pay all costs of operation and maintenance of the System, to pay the principal of and interest on the Series 2000 B Bonds and to make payments into all funds and accounts and other payments provided for herein.

F. It is deemed necessary for the Issuer to issue its Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), in the total aggregate principal amount of not more than $5,000,000 (the "Series 2000 B Bonds"), initially to be represented by a single bond, to permanently finance 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 upon the Series 2000 B Bonds prior to and during acquisition and construction of the Project

and for a period not exceeding 6 months after completion of acquisition and construction of the Project; 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 West Virginia Water Development Authority (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 2000 B Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2000 B Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

G. The period of usefulness of the Series 2000 B Facilities after completion of the Project is not less than 40 years.

H. It is in the best interests of the Issuer that its Series 2000 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement to be entered into by and between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution of the Issuer.

I. There are no outstanding bonds or other obligations of the Issuer which will rank prior to or on a parity with or junior and subordinate to the Series 2000 B Bonds as to liens, pledge, source of and security for payment.

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 Series 2000 B Facilities and issuance of the Series 2000 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of convenience and necessity 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 date of issuance of the Series 2000 B Bonds or such final order will not be subject to appeal or rehearing.

K. The Project has been approved by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2000 B Bonds by the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between

the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means Chapter 8, Article 33 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

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

"Authorized Officer" means the Chairman of the Issuer, or any other officer of the Issuer specifically designated by resolution of the Issuer.

"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 Act" means, collectively, the Act and certain provisions of Chapter 8, Article 16 of the West Virginia Code of 1931, as amended.

"Bond Legislation," "Ordinance," "Bond Ordinance" or "Local Act" means this Bond Ordinance and all ordinances, 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 the Series 2000 B Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance 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 Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2000 B Bonds for the proceeds representing the purchase price of the Series 2000 B 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.

"Consulting Engineers" means West Virginia-American Water Company, so long as the 2000 B O & M Agreement is in effect, and upon the termination of the 2000 B O & M Agreement, 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 Series 2000 Facilities or any 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 1.02F hereof to be a part of the cost of acquisition and construction of the Project.

"County Commission" or "Lessee" means The County Commission of Putnam County, Putnam County, West Virginia, a political subdivision of the State of West Virginia.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"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.

"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.

"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 Series 2000 B Facilities or for any other purpose except keeping the accounts of the Series 2000 B Facilities in the normal operation of its business and affairs.

"Issuer" or "Lessor" means the Putnam County Building Commission, a public corporation with perpetual existence and a county building commission within the meaning of the Act, and, as appropriate, its lessee's, agents and assigns.

"Lease" means the Agreement and Lease of Series 2000 B Facilities, of even date herewith, by and between the Issuer as lessor and the County Commission as lessee, all amendments thereof and supplements thereto and any subsequent lease or leases of all or any portion of the Project.

"Lease Term" shall have the meaning assigned to such term under Section 5.01 of the Lease.

"Loan Agreement" means the Loan Agreement to be entered into between the Authority and the Issuer, providing for the purchase of the Series 2000 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 2000 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any.

"2000 B O & M Agreement" means the Agreement among the Issuer, the County Commission and the Company, to be executed in January, 2000, relating to the acquisition, construction and equipping of the Project and the subsequent operation, maintenance, repair and replacement of the Series 2000 B Facilities, as it may be amended from time to time and as approved by the Public Service Commission of West Virginia.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the Series 2000 B Facilities, as hereinafter defined, 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 Series 2000 B 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 canceled 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.

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent by the Issuer in the Supplemental Resolution.

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

"Project" or "Series 2000 B Facilities" 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, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from 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 thereto.

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

"Revenues" means all Rent received by or on behalf of the Issuer from the Lease, as such term is defined in the Lease; provided that, in the event the Lease is terminated, all receipts, revenues, income and other monies from the subsequent leasing, subleasing, operation, management, sale or other disposition of the Series 2000 B Facilities, or any part thereof, and all Surcharges, and all rights to receive the same, determined in accordance with generally accepted accounting principles.

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

"Secretary" means the Secretary of the Issuer.

"Series 2000 B Bonds" means the Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), of the Issuer, authorized by this Ordinance.

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

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

"Series 2000 B Facilities" means the Project and any further additions, betterments and improvements thereto hereafter constructed or acquired from any sources whatsoever.

"State" means the State of West Virginia.

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

"Surcharges" means those monthly surcharges paid by customers of the Series 2000 B Facilities to the County Commission, which have been approved by the West Virginia Public Service Commission.

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 $5,000,000, in accordance with the plans and specifications which have been prepared by the Company, heretofore filed in the office of the Issuer. The proceeds of the Series 2000 B Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer, with the assistance of the Company, 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.

The cost of the Project is estimated not to exceed $5,000,000, of which the entire amount will be obtained from proceeds of the Series 2000 B 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 2000 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2000 B Bonds of the Issuer. The Series 2000 B Bonds shall be issued as a single bond, designated "Waterworks Lease Revenue Bond, Series 2000 B (West Virginia Water Development Authority)," in the principal amount of not more than $5,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 B Bonds remaining after capitalizing interest on the Series 2000 B Bonds, if any, shall be deposited in or credited to the Series 2000 B Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2000 B Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually 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 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 Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2000 B Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series 2000 B Bonds, all as provided in the Supplemental Resolution. The 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

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 2000 B Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the 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 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2000 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 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 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2000 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 any of said 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 any of the Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in

writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2000 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 canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2000 B Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Revenues as herein provided. No holder or holders of any of the Series 2000 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 B Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Revenues. The payment of the debt service of the Series 2000 B Bonds shall be secured by a first lien on the Revenues. Such Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2000 B Bonds are hereby irrevocably pledged to such payments as they become due.

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

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

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2000 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 2000 B O & M Agreement; and

F. The unqualified approving opinion of bond counsel on the Series 2000 B Bonds.

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

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PUTNAM COUNTY BUILDING COMMISSION
WATERWORKS LEASE REVENUE BOND,
SERIES 2000 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the PUTNAM COUNTY BUILDING COMMISSION, a public corporation with perpetual existence and a county building commission in Putnam County, West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), in annual installments on _____ 1 of each year, commencing _____ 1, _____, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, 200____, as set forth on Exhibit A attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of _____, _____, 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 _____, 200____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of a new public waterworks system of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this Series (the "Bonds") during construction of the Project and for not more than 6 months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. The Project, and any further additions, betterments or improvements thereto are herein called the "Series 2000 B Facilities." 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 8, Article 33 of the West Virginia Code of 1931, as amended (the "Act"), certain provisions of Chapter 8, Article 16 of the West Virginia Code of 1931, as amended (collectively with the Act, the "Bond Act"), and a Bond Ordinance duly enacted by the Issuer on January 5, 2000, and a Supplemental Resolution duly adopted by the Issuer on January ____, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Revenues (as defined in the Bond Legislation) and unexpended proceeds of the Bonds. The Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Revenues and unexpended proceeds of 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 provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

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

Bond Legislation, shall be applied solely to the payment of the costs of the Project 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 Revenues received by the Issuer 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, the PUTNAM COUNTY BUILDING COMMISSION has caused this Bond to be signed by its Chairman, and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2000.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2000.

_____,
as Registrar

_____
Authorized Officer

EXHIBIT A

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 2000 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or 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 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

[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 and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund;

(2) Renewal and Replacement Fund; and

(3) Series 2000 B Bonds Construction Trust Fund.

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

(1) Series 2000 B Bonds Sinking Fund.

Section 5.03. Revenues; Flow of Funds. A. The entire Revenues received by the Issuer 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, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 2000 B Bonds for which interest has not been capitalized, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 2000 B Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2000 B Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 B Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, 1 month

prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(2) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 2000 B Bonds, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 2000 B Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2000 B Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, commencing with the first month in which any of the above payments shall be payable from the Revenue Fund, transfer to the Renewal and Replacement Fund, a sum equal to $20,000. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the Series 2000 B Facilities.

(4) The Issuer shall next, from Revenues remaining in the Revenue Fund, to the extent available, pay all Operating Expenses not otherwise paid by the Company pursuant to the 2000 B O & M Agreement.

Moneys in the Series 2000 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2000 B Bonds as the same shall become due.

All investment earnings on moneys in the Series 2000 B Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2000 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 2000 B Bonds, and then to the next ensuing principal payment due thereon.

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

The Issuer shall not be required to make any further payments into the Series 2000 B Bonds Sinking Fund when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2000 B 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 2000 B 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 the Series 2000 B Bonds Sinking Fund shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2000 B Bonds Sinking Fund shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2000 B Bonds Sinking Fund shall be used solely and only for, and is hereby pledged for, the purpose of servicing the Series 2000 B Bonds 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 and interest payments with respect to the Series 2000 B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement, and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calender 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 Series 2000 B Facilities.

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, fees and expenses 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 any of the 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 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 Revenues shall only be used for purposes of the Series 2000 B Facilities.

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 2000 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

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

B. Next, from the proceeds of the Series 2000 B Bonds, there shall first be credited to the Series 2000 B Bonds 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. The remaining moneys derived from the sale of the Series 2000 B Bonds shall be deposited with the Depository Bank in the Series 2000 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof.

D. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Series 2000 B Bonds Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Series 2000 B Bonds Construction Trust Fund set forth in the Bond Legislation. Moneys in the Series 2000 B Bonds Construction Trust Fund shall be used solely to pay costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 2000 B Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for costs of the Project shall be made monthly. Except as provided in Section 6.01 hereof, disbursements from the Series 2000 B Bonds Construction Trust Fund (except for the costs of issuance of the Series 2000 B Bonds 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 and the Consulting Engineers, stating:

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

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

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

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

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

Pending such application, moneys in the Series 2000 B Bonds Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, and all Costs have been paid, the Depository Bank shall transfer any moneys remaining in the Series 2000 B Bonds Construction Trust Fund to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments due on the Series 2000 B Bonds and thereafter to the next ensuing principal payments due thereon.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2000 B Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the Revenues pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2000 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 B Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Revenues. The payment of the debt service of the Series 2000 B Bonds shall be secured by a first lien on the Revenues. The Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2000 B Bonds are hereby irrevocably pledged, in the manner provided herein, to the payments required under this Bond Legislation.

Section 7.04. Rates and Charges. The initial schedule of water rates and charges for the Series 2000 B Facilities shall be those rates approved by the West Virginia Public Service Commission, which rates are incorporated herein by reference as a part hereof.

Section 7.05. Sale of the Series 2000 B Facilities. Except as otherwise permitted by State law or with the written consent of the Authority, the Series 2000 B Facilities 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 this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the Series 2000 B Facilities shall, with respect to the Series 2000 B Bonds, immediately be remitted to the Commission for deposit in the Series 2000 B 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 of and interest on the Series 2000 B Bonds. Any balance remaining after the payment of all the Series 2000 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 Series 2000 B Facilities.

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 Series 2000 B Facilities 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 Series 2000 B Facilities is no longer necessary, useful or profitable in the operation thereof and authorize the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the Series 2000 B Facilities is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the Series 2000 B Facilities 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 Series 2000 B Facilities. Provided, however, that the provisions of this paragraph are superseded by the terms of the 2000 B O & M Agreement, so long as such Agreement is in effect.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever payable from the Revenues which rank prior to, or equally, as to lien on and source of and security for payment from such Revenues with the Series 2000 B Bonds, without the prior written consent of the Authority. All obligations issued by the Issuer after

the issuance of the Series 2000 B Bonds and payable from the Revenues, except additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such Revenues and in all other respects, to the Series 2000 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 Bonds, and the interest thereon, upon the Revenues, or upon the Series 2000 B Facilities or any part thereof.

The Issuer shall give the Authority prior written notice of its issuance of any other obligations to be used for the Series 2000 B Facilities, payable from the Revenues or from any grants, or any other obligations related to the Project or the Series 2000 B Facilities.

Section 7.07. RESERVED.

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, or its agents and representatives, to inspect all books, documents, papers and records relating to the Series 2000 B Facilities at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority 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 Series 2000 B Facilities and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority, or its agents and representatives, to inspect all records pertaining to the operation and maintenance of the Series 2000 B Facilities 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, or cause to be kept, books and records of the Series 2000 B Facilities, 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 Series 2000 B Facilities, 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 Series 2000 B Facilities and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the Series 2000 B Facilities 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 Body. 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.

The Issuer shall file with the Consulting Engineers and the Authority or any other original purchaser of the Series 2000 B Bonds and shall mail in each year to any Holder or Holders of the Series 2000 B Bonds requesting the same, an annual report containing the following:

(A) A statement of Revenues and Operating Expenses.

(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 Outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the Series 2000 B Facilities to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail, upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2000 B Bonds and shall submit said report to the Authority, or any other original purchaser of the Series 2000 B Bonds. Such audit report submitted to the Authority 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 are adequate to meet the Issuer's Operating Expenses and debt service 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, or its 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, or its agents and representatives, with access to the Series 2000 B Facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the Series 2000 B Facilities pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2000 B Bonds, equitable rates or charges for the use of and service rendered by the Series 2000 B Facilities 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 Issuer, which copies will be open to inspection by all interested parties. In the event the Lease is terminated, the Issuer shall comply with the requirement of Section 4.1(b)(ii) of the Loan Agreement.

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 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 the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority 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 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 by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority 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 Series 2000 B Facilities so long as any of the Series 2000 B Bonds are Outstanding.

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 Series 2000 B Facilities.

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 Series 2000 B Facilities, 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 of the Series 2000 B Facilities 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 Series 2000 B Facilities. 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 Series 2000 B Facilities, to all users of the services of the Series 2000 B Facilities delinquent in payment of charges for the services of the Series 2000 B Facilities and will not restore such services until all delinquent charges for the services of the Series 2000 B Facilities, 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 Series 2000 B Facilities, 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 services provided by the Series 2000 B Facilities, 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 Series 2000 B Facilities, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the Series 2000 B Facilities.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the Series 2000 B Facilities. 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 Series 2000 B Facilities 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 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 and the Authority 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 Series 2000 B Facilities, 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 Series 2000 B Facilities.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SERIES 2000 B Facilities 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 Series 2000 B Facilities are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

(6) FIDELITY BONDS will be provided for every officer, member and employee of the Issuer having custody of the revenues or of any other funds of the Series 2000 B Facilities, 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 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. 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 Series 2000 B Facilities to connect thereto.

Section 7.17. Completion of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the Series 2000 B Facilities 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 Series 2000 B Facilities and make all necessary repairs and replacements so long as the Series 2000 B Bonds are outstanding. To the extent maintenance is done by the Company, the Issuer shall enforce the provisions of the 2000 B O & M Agreement to fulfill this covenant.

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 Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the Series 2000 B Facilities.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement, the Act and 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 Series 2000 B Facilities.

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the

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

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

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 (17 CFR Part 240).

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2000 B Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Authority for written approval. The Issuer shall obtain the written approval of the Authority before expending any proceeds of the Series 2000 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 Authority before expending any proceeds of the Series 2000 B Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the and 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, 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 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, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2000 B Bonds are Outstanding.

Section 8.02. RESERVED.

Section 8.03. RESERVED.

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 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any 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 Bonds set forth in this Bond Legislation, any supplemental resolution or in the 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 or 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 Series 2000 B Facilities, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners.

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 Series 2000 B Facilities, the making and collection of sufficient rates and charges for services rendered by the Series 2000 B Facilities 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 Series 2000 B Facilities 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 Series 2000 B Facilities, 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 Series 2000 B Facilities and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the Series 2000 B Facilities 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 Series 2000 B Facilities 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 Series 2000 B Facilities 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 Series 2000 B Facilities, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the Series 2000 B Facilities for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said Series 2000 B Facilities 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 Series 2000 B Facilities.

In the event that the Bondholder should exercise its rights under this Article IX or any other rights available to it provided under law upon the occurrence of a default by the Issuer, and the 2000 B O & M Agreement has not been terminated, the 2000 B O & M Agreement shall remain in effect.

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 respective Holders of all of the Series 2000 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 Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2000 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

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

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the 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 Ordinance 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 Ordinance, the Supplemental Resolution thereto, or the Series 2000 B Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance 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 Issuer were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading hereof.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Issuer to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Charleston Gazette, a newspaper of general circulation in Putnam County, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Issuer upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Issuer for review by interested persons during office hours of the Issuer. At such hearing, all objections and suggestions shall be heard and the Issuer shall take such action as it shall deem proper in the premises.

Passed on First Reading:	-	December 15, 1999
Passed on Second Reading:	-	December 22, 1999
Passed on Final Reading Following Public Hearing:	-	January 5, 2000

Robert F. Hatfield

Chairman

CH354167.2

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the PUTNAM COUNTY BUILDING COMMISSION on the 5th day of January, 2000.

Dated: January 27, 2000.

[SEAL]

Secretary

01/05/99
731000.97001

EXHIBIT A

[Loan Agreement attached to bond transcript as Document 3.]

PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

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 WATERWORKS LEASE REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF THE PUTNAM COUNTY BUILDING COMMISSION; AMENDING CERTAIN PROVISIONS OF THE ORDINANCE AUTHORIZING THE BONDS; AUTHORIZING AND APPROVING AN AGREEMENT AND LEASE, A DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING, A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Putnam County Building Commission (the "Issuer"), has duly and officially adopted and enacted a bond ordinance, effective January 5, 2000 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC WATERWORKS SYSTEM OF THE PUTNAM COUNTY BUILDING COMMISSION AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE ISSUER OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS LEASE REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY);

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 Bond Ordinance;

WHEREAS, the Bond Ordinance provides for the issuance of Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), of the Issuer (the "Series 2000 B Bonds"), in the aggregate principal amount not to exceed $5,000,000, and has authorized the execution and delivery of a loan agreement relating to the Bonds to be dated the date of delivery of the Bonds (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 8, Article 33 and Chapter 8, Article 16 of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Ordinance 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 has been presented to the Issuer at this meeting;

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

WHEREAS, the Putnam County Building Commission deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement and other documents herein described be approved and entered into by the Issuer, 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 PUTNAM COUNTY BUILDING COMMISSION:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Waterworks Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $3,800,000. The Series 2000 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2039, shall bear interest at the rates per annum as set forth on Schedule Y which rates shall not exceed 6.5%, payable semiannually on June 1 and December 1 of each year, beginning June 1, 2000. The Series 2000 B Bonds shall be payable in annual installments of principal on June 1 of each year, commencing June 1, 2001, and ending June 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 Bonds. The Series 2000 B 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, so long as the Authority is the registered owner of the Bonds. The Issuer does hereby approve and shall pay the administrative fee set forth in the "Schedule Y" attached to the Loan Agreement. The Authority will purchase the Series 2000 B Bonds at the price of $3,650,862.95

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the forms provided in the Bond Ordinance, as amended by Section 6 of this Supplemental Resolution. The revised Form of Bond is attached hereto as Exhibit A.

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 and approved.

Section 4. The Issuer does hereby authorize, approve and accept the Agreement and Lease of Series 2000 B Facilities, a copy of which is incorporated herein by reference, and the execution and delivery of the Agreement and Lease of Series 2000 B Facilities by the Chairman and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved.

Section 5. The Issuer does hereby authorize, approve and accept the Deed of Trust, Security Agreement and Fixture Filing, a copy of which is incorporated herein by

reference, and the execution and delivery of the Deed of Trust, Security Agreement and Fixture Filing by the Chairman and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved.

Section 6. Pursuant to Section 11.01 of the Ordinance, the Ordinance shall be amended as reflected in Exhibit B attached hereto.

Section 7. 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 Bond Ordinance 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 8. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Bond Ordinance.

Section 9. The Issuer does hereby appoint and designate City National Bank of West Virginia, Eleanor, West Virginia, to serve as Depository Bank under the Bond Ordinance.

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

Section 11. The balance of the proceeds of the Series 2000 B Bonds shall be deposited in or credited to the Series 2000 B Bonds Construction Trust Fund for payment of costs of the Series 2000 B Facilities, including costs of issuance of the Bonds.

Section 12. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about January 27, 2000, to the Authority pursuant to the Loan Agreement.

Section 13. The acquisition and construction of the Series 2000 B Facilities and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Ordinance held

by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Moneys in the Series 2000 B Bonds Sinking Fund, including the Series 2000 B Bonds Reserve Account therein (only in the event the 2000 B O & M Agreement is terminated), shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 15. All contracts relating to the financing, acquisition and construction of the Series 2000 B Facilities are hereby approved and the Chairman is hereby authorized and directed to execute and deliver all such contracts.

Section 16. All provisions of the Loan Agreement are incorporated herein and made a part hereof and to the extent any provision of the Loan Agreement conflicts with any provision of the Bond Ordinance, the Loan Agreement shall prevail and the conflicting provision of the Bond Ordinance is hereby repealed.

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

Adopted this 26th day of January, 2000.

Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the PUTNAM COUNTY BUILDING COMMISSION on the 26th of January, 2000.

Dated: January 27, 2000.

[SEAL]

Secretary

01/26/00
731000/97001

CH360624.3

EXHIBIT A

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PUTNAM COUNTY BUILDING COMMISSION
WATERWORKS LEASE REVENUE BOND,
SERIES 2000 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the PUTNAM COUNTY BUILDING COMMISSION, a public corporation with perpetual existence and a county building commission in Putnam County, West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), in annual installments on _____ 1 of each year, commencing _____ 1, _____, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, 200____, as set forth on Exhibit A attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of _____, _____, 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 _____, 200____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of a new public waterworks system of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this Series (the "Bonds") during construction of the Project and for not more than 6 months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. The Project, and any further additions, betterments or improvements thereto are herein called the "Series 2000 B Facilities." 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 8, Article 33 of the West Virginia Code of 1931, as amended (the "Act"), certain provisions of Chapter 8, Article 16 of the West Virginia Code of 1931, as amended (collectively with the Act, the "Bond Act"), and a Bond Ordinance duly enacted by the Issuer on January 5, 2000, and a Supplemental Resolution duly adopted by the Issuer on January ____, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Revenues (as defined in the Bond Legislation) and unexpended proceeds of the Bonds. The Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Revenues and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, in the event the 2000 B O & M Agreement or the Lease (as defined in the Bond Legislation) is terminated, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the Series 2000 B Facilities and the services rendered thereby, and shall take all such actions necessary to provide funds, which shall be sufficient, together with other revenues of the Series 2000 B Facilities, to provide for the reasonable expenses of operation, repair and maintenance of the Series 2000 B Facilities, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest on the Bonds payable in any year, and all other obligations on a parity with the Bonds; provided, however, that so long as there exists in the Reserve Account created for the Bonds, an amount equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, an amount equal to the requirements therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the costs of the Project 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 Revenues received by the Issuer 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, the PUTNAM COUNTY BUILDING COMMISSION has caused this Bond to be signed by its Chairman, and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2000.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2000.

_____,
as Registrar

_____
Authorized Officer

EXHIBIT A

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:

_____

EXHIBIT B

See Tab 3 - Conformed Ordinance

*CONFORMED ORDINANCE

PUTNAM COUNTY BUILDING COMMISSION

WATERWORKS LEASE REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

BOND ORDINANCE

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PUTNAM COUNTY BUILDING COMMISSION

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC WATERWORKS SYSTEM OF THE PUTNAM COUNTY BUILDING COMMISSION AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE ISSUER OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS LEASE REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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 ORDAINED AND ENACTED BY THE PUTNAM COUNTY BUILDING COMMISSION:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 8, Article 33 of the West Virginia Code of 1931, as amended (the "Act") and certain provisions of Chapter 8, Article 16 of the West Virginia Code of 1931, as amended (collectively with the Act, the "Bond Act"), and other applicable provisions of law.

Section 1.02. Findings. It is hereby found, determined and declared that:

A. The Putnam County Building Commission (the "Issuer") is a public corporation with perpetual existence and a county building commission within the meaning

of the Act, duly created pursuant to a resolution adopted by The County Commission of Putnam County (the "County Commission" or "Lessee") on August 28, 1980.

B. The Issuer does not presently own or operate a public waterworks system. However, the County Commission has requested and it is deemed necessary and desirable for the health and welfare of the inhabitants of Putnam County that there be acquired and constructed a public waterworks system of the Issuer, consisting of certain water mains as more thoroughly described in the Lease, as hereinafter defined, together with all appurtenant facilities, (collectively, the "Project" or the "Series 2000 B Facilities"), to be leased to the County Commission pursuant to an Agreement and Lease of Series 2000 B Facilities, dated as of January 27, 2000, (the "Lease").

C. The Issuer and the County Commission have determined that the Series 2000 B Facilities should be operated, maintained, repaired and replaced by West Virginia-American Water Company, a West Virginia corporation (the "Company"), pursuant to the terms of an Agreement by and among the Issuer, the County Commission and the Company, to be executed on January 26, 2000, (the "2000 B O & M Agreement"). The Issuer and the County Commission have also determined that the customers served by the Series 2000 B Facilities should pay a monthly surcharge to the County Commission (the "Surcharges"), which Surcharges have been approved by the West Virginia Public Service Commission.

D. The County Commission, with the assistance of the Company, has provided the Issuer with plans and specifications for the acquisition, construction and equipping of the Project, which plans and specifications have been prepared by the Company as Consulting Engineers and have heretofore been filed with the Issuer. The Issuer and the County Commission have agreed to appoint the Company, and the Company has agreed to accept such appointment, as their agent for the purpose of acquisition, construction and equipping of the Project.

E. The Issuer will receive all of its Revenues (hereinafter defined) from the County Commission under and pursuant to the Lease. The Revenues will be sufficient to pay all costs of operation and maintenance of the System, to pay the principal of and interest on the Series 2000 B Bonds and to make payments into all funds and accounts and other payments provided for herein.

F. It is deemed necessary for the Issuer to issue its Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), in the total aggregate principal amount of not more than $5,000,000 (the "Series 2000 B Bonds"), initially to be represented by a single bond, to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2000 B Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the

Project; 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 West Virginia Water Development Authority (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 2000 B Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2000 B Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

G. The period of usefulness of the Series 2000 B Facilities after completion of the Project is not less than 40 years.

H. It is in the best interests of the Issuer that its Series 2000 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement to be entered into by and between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution of the Issuer.

I. There are no outstanding bonds or other obligations of the Issuer which will rank prior to or on a parity with or junior and subordinate to the Series 2000 B Bonds as to liens, pledge, source of and security for payment.

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 Series 2000 B Facilities and issuance of the Series 2000 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of convenience and necessity 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 date of issuance of the Series 2000 B Bonds or such final order will not be subject to appeal or rehearing.

K. The Project has been approved by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2000 B Bonds by the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be

performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means Chapter 8, Article 33 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

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

"Authorized Officer" means the Chairman of the Issuer, or any other officer of the Issuer specifically designated by resolution of the Issuer.

"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 Act" means, collectively, the Act and certain provisions of Chapter 8, Article 16 of the West Virginia Code of 1931, as amended.

"Bond Legislation," "Ordinance," "Bond Ordinance" or "Local Act" means this Bond Ordinance and all ordinances, 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 the Series 2000 B Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance 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 Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2000 B Bonds for the proceeds representing the purchase price of the Series 2000 B 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.

"Consulting Engineers" means West Virginia-American Water Company, so long as the 2000 B O & M Agreement is in effect, and upon the termination of the 2000 B O & M Agreement, 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 Series 2000 B Facilities or any 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 1.02F hereof to be a part of the cost of acquisition and construction of the Project.

"County Commission" or "Lessee" means The County Commission of Putnam County, Putnam County, West Virginia, a political subdivision of the State of West Virginia.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"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.

"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.

"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 Series 2000 B Facilities or for any other purpose except keeping the accounts of the Series 2000 B Facilities in the normal operation of its business and affairs.

"Issuer" or "Lessor" means the Putnam County Building Commission, a public corporation with perpetual existence and a county building commission within the meaning of the Act, and, as appropriate, its lessee's, agents and assigns.

"Lease" means the Agreement and Lease of Series 2000 B Facilities, of even date herewith, by and between the Issuer as lessor and the County Commission as lessee, all amendments thereof and supplements thereto and any subsequent lease or leases of all or any portion of the Project.

"Lease Term" shall have the meaning assigned to such term under Section 5.01 of the Lease.

"Loan Agreement" means the Loan Agreement to be entered into between the Authority and the Issuer, providing for the purchase of the Series 2000 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 2000 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any.

"2000 B O & M Agreement" means the Agreement among the Issuer, the County Commission and the Company, to be executed on January 26, 2000, relating to the acquisition, construction and equipping of the Project and the subsequent operation, maintenance, repair and replacement of the Series 2000 B Facilities, as it may be amended from time to time and as approved by the Public Service Commission of West Virginia.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the Series 2000 B Facilities, as hereinafter defined, 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 Series 2000 B 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 canceled 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.

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent by the Issuer in the Supplemental Resolution.

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

"Project" or "Series 2000 B Facilities" 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, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal

Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2000 B Bonds and not so included, may be included in another Supplemental Resolution.

"Surcharges" means those monthly surcharges paid by customers of the Series 2000 B Facilities to the County Commission, which have been approved by the West Virginia Public Service Commission.

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.

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 thereto.

"Revenues" means all Rent to be paid to or on behalf of the Issuer by the County Commission under the Lease, as such term is defined in the Lease; provided that, in the event the Lease is terminated, Revenues shall include all receipts, revenues, income and other monies from the subsequent leasing, subleasing, operation, management, sale or other disposition of the Series 2000 B Facilities, or any part thereof, and all Surcharges, and all rights to receive the same, determined in accordance with generally accepted accounting principles.

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

"Secretary" means the Secretary of the Issuer.

"Series 2000 B Bonds" means the Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), of the Issuer, authorized by this Ordinance.

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

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

"Series 2000 B Facilities" means the Project and any further additions, betterments and improvements thereto hereafter constructed or acquired from any sources whatsoever.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2000 B

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 $5,000,000, in accordance with the plans and specifications which have been prepared by the Company, heretofore filed in the office of the Issuer. The proceeds of the Series 2000 B Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer, with the assistance of the Company, 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.

The cost of the Project is estimated not to exceed $5,000,000, of which the entire amount will be obtained from proceeds of the Series 2000 B 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 2000 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2000 B Bonds of the Issuer. The Series 2000 B Bonds shall be issued as a single bond, designated "Waterworks Lease Revenue Bond, Series 2000 B (West Virginia Water Development Authority)," in the principal amount of not more than $5,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 B Bonds remaining after capitalizing interest on the Series 2000 B Bonds, if any, shall be deposited in or credited to the Series 2000 B Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2000 B Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually 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 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 Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2000 B Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series 2000 B Bonds, all as provided in the Supplemental Resolution. The 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

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 2000 B Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the 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 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2000 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 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 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2000 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 any of said 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 any of the Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in

writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2000 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 canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2000 B Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Revenues as herein provided. No holder or holders of any of the Series 2000 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 B Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Revenues. The payment of the debt service of the Series 2000 B Bonds shall be secured by a first lien on the Revenues. Such Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2000 B Bonds are hereby irrevocably pledged to such payments as they become due.

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

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

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2000 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 2000 B O & M Agreement; and

F. The unqualified approving opinion of bond counsel on the Series 2000 B Bonds.

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

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PUTNAM COUNTY BUILDING COMMISSION
WATERWORKS LEASE REVENUE BOND,
SERIES 2000 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the PUTNAM COUNTY BUILDING COMMISSION, a public corporation with perpetual existence and a county building commission in Putnam County, West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), in annual installments on _____ 1 of each year, commencing _____ 1, _____, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on _____ 1 and _____ 1 of each year, commencing _____ 1, 200____, as set forth on Exhibit A attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of _____, _____, 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 _____, 200____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of a new public waterworks system of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this Series (the "Bonds") during construction of the Project and for not more than 6 months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. The Project, and any further additions, betterments or improvements thereto are herein called the "Series 2000 B Facilities." 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 8, Article 33 of the West Virginia Code of 1931, as amended (the "Act"), certain provisions of Chapter 8, Article 16 of the West Virginia Code of 1931, as amended (collectively with the Act, the "Bond Act"), and a Bond Ordinance duly enacted by the Issuer on January 5, 2000, and a Supplemental Resolution duly adopted by the Issuer on January ____, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Revenues (as defined in the Bond Legislation) and unexpended proceeds of the Bonds. The Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Revenues and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, in the event the 2000 B O & M Agreement or the Lease (as defined in the Bond Legislation) is terminated, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the Series 2000 B Facilities and the services rendered thereby, and shall take all such actions necessary to provide funds, which shall be sufficient, together with other revenues of the Series 2000 B Facilities, to provide for the reasonable expenses of operation, repair and maintenance of the Series 2000 B Facilities, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest on the Bonds payable in any year, and all other obligations on a parity with the Bonds; provided, however, that so long as there exists in the Reserve Account created for the Bonds, an amount equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, an amount equal to the requirements therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the costs of the Project 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 Revenues received by the Issuer 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, the PUTNAM COUNTY BUILDING COMMISSION has caused this Bond to be signed by its Chairman, and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2000.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 2000.

_____,
as Registrar

_____
Authorized Officer

EXHIBIT A

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 2000 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or 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 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

[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 and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund;

(2) Renewal and Replacement Fund; and

(3) Series 2000 B Bonds Construction Trust Fund.

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

(1) Series 2000 B Bonds Sinking Fund; and

(2) Series 2000 B Bonds Reserve Account (only in the event the 2000 B O & M Agreement or the Lease is terminated).

Section 5.03. Revenues; Flow of Funds. A. The entire Revenues received by the Issuer 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) So long as the 2000 B O & M Agreement is in effect, the Company shall be responsible for paying all Operating Expenses. In the event the 2000 B O & M Agreement is terminated, the Issuer shall first, each month, pay from the Revenue Fund all Operating Expenses.

(2) The Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 2000 B Bonds for which interest has not

been capitalized, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 2000 B Bonds Sinking Fund, an amount equal to 1/6th of the amount of interest which will become due on the Series 2000 B Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 B Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 2000 B Bonds, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 2000 B Bonds Sinking Fund, an amount equal to 1/12th of the amount of principal which will mature and become due on the Series 2000 B Bonds on the next ensuing annual principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) In the event the 2000 B O & M Agreement or the Lease is terminated, the Issuer shall next, on the first day of the month immediately following termination of the Series 2000 B O & M Agreement or the Lease, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 2000 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2000 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2000 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2000 B Bonds Reserve Requirement.

(5) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, commencing with the first month in which any of the above payments shall be payable from the Revenue Fund, transfer to the Renewal and Replacement Fund, a sum equal to $1,250.00. All funds in the

Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the Series 2000 B Facilities. In the event the 2000 B O & M Agreement or the Lease is terminated, the Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of the month immediately following termination of the Series 2000 B O & M Agreement or the Lease, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of all Revenues each month, exclusive of any payment for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the Series 2000 B Facilities; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2000 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2000 B Bonds as the same shall become due.

All investment earnings on moneys in the Series 2000 B Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2000 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 2000 B Bonds, and then to the next ensuing principal payment due thereon, and, subsequently, for any lawful purpose of the Series 2000 B Facilities.

As and when additional Bonds ranking on a parity with the Series 2000 B Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account, if any,

in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 2000 B Bonds Sinking Fund when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2000 B 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 2000 B 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 the Series 2000 B Bonds Sinking Fund shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2000 B Bonds Sinking Fund shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2000 B Bonds Sinking Fund shall be used solely and only for, and is hereby pledged for, the purpose of servicing the Series 2000 B Bonds 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 and interest payments with respect to the Series 2000 B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement, and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calender 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 Series 2000 B Facilities.

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, fees and expenses 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 any of the 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 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 Revenues shall only be used for purposes of the Series 2000 B Facilities.

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 2000 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

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

B. Next, from the proceeds of the Series 2000 B Bonds, there shall first be credited to the Series 2000 B Bonds 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. The remaining moneys derived from the sale of the Series 2000 B Bonds shall be deposited with the Depository Bank in the Series 2000 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof.

D. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Series 2000 B Bonds Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Series 2000 B Bonds Construction Trust Fund set forth in the Bond Legislation. Moneys in the Series 2000 B Bonds Construction Trust Fund shall be used solely to pay costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 2000 B Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for costs of the Project shall be made monthly. Except as provided in Section 6.01 hereof, disbursements from the Series 2000 B Bonds Construction Trust Fund (except for the costs of issuance of the Series 2000 B Bonds 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 and the Consulting Engineers, stating:

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

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

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

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

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

Pending such application, moneys in the Series 2000 B Bonds Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, and all Costs have been paid, the Depository Bank shall transfer any moneys remaining in the Series 2000 B Bonds Construction Trust Fund to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments due on the Series 2000 B Bonds and thereafter to the next ensuing principal payments due thereon.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2000 B Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the Revenues pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2000 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2000 B Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Revenues. The payment of the debt service of the Series 2000 B Bonds shall be secured by a first lien on the Revenues. The Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2000 B Bonds are hereby irrevocably pledged, in the manner provided herein, to the payments required under this Bond Legislation.

Section 7.04. Rates and Charges. The initial schedule of water rates and charges for the services and facilities of the Series 2000 A Facilities shall be those rates approved by the Public Service Commission of West Virginia, in the Commission Order entered on January 11, 2000, in Case No. 99-0674-PWD-PC-CN, which rates are incorporated herein by reference as a part hereof.

Section 7.05. Sale of the Series 2000 B Facilities. Except as otherwise permitted by State law or with the written consent of the Authority, and except as provided in the 2000 B O & M Agreement, the Series 2000 B Facilities 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 this Bond Legislation in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the Series 2000 B Facilities shall, with respect to the Series 2000 B Bonds, immediately be remitted to the

Commission for deposit in the Series 2000 B 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 of and interest on the Series 2000 B Bonds. Any balance remaining after the payment of all the Series 2000 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 Series 2000 B Facilities.

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 Series 2000 B Facilities 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 Series 2000 B Facilities is no longer necessary, useful or profitable in the operation thereof and authorize the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the Series 2000 B Facilities is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the Series 2000 B Facilities 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 Series 2000 B Facilities. Provided, however, that the provisions of this paragraph are superseded by the terms of the 2000 B O & M Agreement, so long as such Agreement is in effect.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever payable from the Revenues which rank prior to, or equally, as to lien on and

source of and security for payment from such Revenues with the Series 2000 B Bonds, without the prior written consent of the Authority. All obligations issued by the Issuer after the issuance of the Series 2000 B Bonds and payable from the Revenues, except additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such Revenues and in all other respects, to the Series 2000 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2000 B Bonds, and the interest thereon, upon the Revenues, or upon the Series 2000 B Facilities or any part thereof.

The Issuer shall give the Authority prior written notice of its issuance of any other obligations to be used for the Series 2000 B Facilities, payable from the Revenues or from any grants, or any other obligations related to the Project or the Series 2000 B Facilities.

Section 7.07. RESERVED.

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, or its agents and representatives, to inspect all books, documents, papers and records relating to the Series 2000 B Facilities at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority 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 Series 2000 B Facilities and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority, or its agents and representatives, to inspect all records pertaining to the operation and maintenance of the Series 2000 B Facilities 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, or cause to be kept, books and records of the Series 2000 B Facilities, 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 Series 2000 B Facilities, 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 Series 2000 B Facilities and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the Series 2000 B Facilities 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 Body. 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.

The Issuer shall file with the Consulting Engineers and the Authority or any other original purchaser of the Series 2000 B Bonds and shall mail in each year to any Holder or Holders of the Series 2000 B Bonds requesting the same, an annual report containing the following:

(A) A statement of Revenues and Operating Expenses.

(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 Outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the Series 2000 B Facilities to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail, upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2000 B Bonds and shall submit said report to the Authority, or any other original purchaser of the Series 2000 B Bonds. Such audit report submitted to the Authority 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 are adequate to meet the Issuer's Operating Expenses and debt service 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, or its 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, or its agents and representatives, with access to the Series 2000 B Facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the Series 2000 B Facilities pursuant to the Act.

Section 7.09. Rates. In the event the 2000 B O & M Agreement or the Lease is terminated, the Issuer shall fix and collect rates, fees and other charges for use of the Series 2000 B Facilities, shall adjust and increase such rates, fees and other charges and shall take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement. In such event, the Issuer shall establish rates and charges sufficient together with other revenues of the Series 2000 B Facilities (i) to provide for all Operating Expenses of the Series 2000 B Facilities and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2000 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 B Bonds; provided that, in the event that an amount equal to or in excess of the Series 2000 B Bonds Reserve Requirement is on deposit in the Series 2000 B Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2000 B Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2000 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 B Bonds.

Section 7.10. Operating Budget and Monthly Financial Report. In the event the 2000 B O & M Agreement is terminated, 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 the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased

expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority 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 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 by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority 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 Series 2000 B Facilities so long as any of the Series 2000 B Bonds are Outstanding.

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 Series 2000 B Facilities.

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 Series 2000 B Facilities, 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 of the Series 2000 B Facilities 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 Series 2000 B Facilities. 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 Series 2000 B Facilities, to all users of the services of the Series 2000 B Facilities delinquent in payment of charges for the services of the Series 2000 B Facilities and will not restore such services until all delinquent charges for the services of the Series 2000 B Facilities, 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 Series 2000 B Facilities, 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 services provided by the Series 2000 B Facilities, 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 Series 2000 B Facilities, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the Series 2000 B Facilities.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain, or cause to be carried under the 2000 B O & M Agreement, insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the Series 2000 B Facilities. 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 Series 2000 B Facilities 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 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 and the Authority 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 Series 2000 B Facilities, 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 Series 2000 B Facilities.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SERIES 2000 B FACILITIES 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 Series 2000 B Facilities are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

(6) FIDELITY BONDS will be provided for every officer, member and employee of the Issuer having custody of the revenues or of any other funds of the Series 2000 B Facilities, 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 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. 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 Series 2000 B Facilities to connect thereto.

Section 7.17. Completion of Project; Permits and Orders. The Issuer shall complete, or cause to be completed, the Project as promptly as possible and operate and maintain, or cause to be operated and maintained under the 2000 B O & M Agreement, the Series 2000 B Facilities 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 Series 2000 B Facilities and make all necessary repairs and replacements so long as the Series 2000 B Bonds are outstanding. To the extent maintenance is done by the Company, the Issuer shall enforce the provisions of the 2000 B O & M Agreement to fulfill this covenant.

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 Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the Series 2000 B Facilities.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement, the Act and 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 Series 2000 B Facilities.

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2000 B Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

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

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 (17 CFR Part 240).

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2000 B Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Authority for written approval. The Issuer shall obtain the written approval of the Authority before expending any proceeds of the Series 2000 B Bonds held in "contingency" as set forth in the Schedule A attached to the Loan Agreement. The Issuer shall also obtain the written approval of the Authority before expending any proceeds of the Series 2000 B Bonds made available due to bid or construction or project underruns.

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

Section 7.22. Deed of Trust and Security Agreement. The Issuer shall grant for the benefit of the Authority a deed of trust and security interest in the Series 2000 B Facilities.

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 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, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2000 B Bonds are Outstanding.

Section 8.02. RESERVED.

Section 8.03. RESERVED.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2000 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on any 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 Bonds set forth in this Bond Legislation, any supplemental resolution or in the 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 or Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Series 2000 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 Series 2000 B Facilities, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 2000 B Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and, after commencement of operation of the Series 2000 B Facilities, the making and collection of sufficient rates and charges for services rendered by the Series 2000 B Facilities 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 Series 2000 B Facilities 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 Series 2000 B Facilities, 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 Series 2000 B Facilities and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the Series 2000 B Facilities 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 Series 2000 B Facilities 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 Series 2000 B Facilities 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 Series 2000 B Facilities, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the Series 2000 B Facilities for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said Series 2000 B Facilities 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 Series 2000 B Facilities.

In the event that the Bondholder should exercise its rights under this Article IX or any other rights available to it provided under law upon the occurrence of a default by the Issuer, and the 2000 B O & M Agreement has not been terminated, the 2000 B O & M Agreement shall remain in effect.

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 respective Holders of all of the Series 2000 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 Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2000 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

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

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the 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 Ordinance 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 Ordinance, the Supplemental Resolution thereto, or the Series 2000 B Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance 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 Issuer were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading hereof.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Issuer to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Charleston Gazette, a newspaper of general circulation in Putnam County, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Issuer upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Issuer for review by interested persons during office hours of the Issuer. At such hearing, all objections and suggestions shall be heard and the Issuer shall take such action as it shall deem proper in the premises.

Passed on First Reading:	-	December 15, 1999
Passed on Second Reading:	-	December 22, 1999
Passed on Final Reading Following Public Hearing:	-	January 5, 2000

Robert F. Hartley
Chairman

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the PUTNAM COUNTY BUILDING COMMISSION on the 5th day of January, 2000.

Dated: January 27, 2000.

[SEAL]

Secretary

01/05/99
731000.97001

EXHIBIT A

[Loan Agreement attached to bond transcript as Document 3.]

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AGREEMENT AND LEASE OF SERIES 2000 B FACILITIES

Between

PUTNAM COUNTY BUILDING COMMISSION,
Lessor

and

THE COUNTY COMMISSION OF PUTNAM COUNTY,
WEST VIRGINIA
Lessee

Dated as of January 27, 2000

Return to: Franklin L. Gritt, Jr.
19 Valley Street
Winfield, WV 25213

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AGREEMENT AND LEASE OF SERIES 2000 B FACILITIES

This Agreement and Lease of Series 2000 B Facilities (hereinafter called the "Lease") dated January 27, 2000, by and between the PUTNAM COUNTY BUILDING COMMISSION, a public corporation and county building commission, organized and existing under and by virtue of the provisions of the Constitution and laws of the State of West Virginia, as lessor (hereinafter called the "Issuer" or the "Lessor"), and THE COUNTY COMMISSION OF PUTNAM COUNTY, a public corporation and political subdivision of the State of West Virginia, as lessee (hereinafter called the "County Commission" or the "Lessee").

W I T N E S S E T H:

WHEREAS, pursuant to the authority of Chapter 8, Article 33, of the Code of West Virginia, 1931, as amended (the "Act"), the County Commission entered an order on August 28, 1980, creating the Issuer, a public corporation with perpetual existence and a county building commission within the meaning of the Act;

WHEREAS, the Issuer under the Act has plenary power and authority to contract and be contracted with, acquire, purchase, own and hold any property, real or personal, and acquire, construct, equip, maintain and operate public buildings, structures, projects and appurtenant facilities of any type or types for which the County is permitted by law to expend public funds, sell, encumber or dispose of any property, real or personal, and lease its property or any part thereof, for public purposes, to such persons and upon such terms as the Issuer deems proper;

WHEREAS, the County is empowered and authorized by Chapter 7, Article 1 and Chapter 8, Article 19 of the West Virginia Code of 1931, as amended, to expend public funds to acquire, install, construct, establish, extend, equip, repair, maintain and operate waterworks facilities;

WHEREAS, the Issuer under the Act has plenary power and authority to issue negotiable bonds, notes, debentures or other evidences of indebtedness and provide for the rights of the holders thereof, incur any proper indebtedness and issue any obligations and give any security therefor which it may deem necessary or advisable in connection with exercising powers as provided in the Act;

WHEREAS, the Issuer has, at the request of the County Commission, agreed to acquire, construct and equip certain public waterworks facilities, to be located on certain real property in Putnam County, West Virginia, all as set forth in EXHIBIT A - WATERLINE LOCATIONS, attached hereto as a part hereof and incorporated by reference herein (collectively, the "Site"), which real property is more particularly described in EXHIBIT B - REAL PROPERTY DESCRIPTION, attached hereto as a part hereof and incorporated by reference herein, such public waterworks facilities to include, but not be limited to, certain personal property, more particularly described in EXHIBIT C - PERSONAL PROPERTY DESCRIPTION, attached hereto as a part hereof and incorporated by reference herein, (such real estate, improvements, fixtures and equipment, and all further additions, improvements and additional facilities of every kind and nature located at the Site, now or hereafter acquired or constructed thereon, herein called the "Series 2000 B Facilities") and to lease such Series 2000 B Facilities to the County Commission;

WHEREAS, to assist in the acquisition, construction and equipping of the Series 2000 B Facilities, and the subsequent operation, maintenance, repair and replacement of the Series 2000 B Facilities, the Issuer and the County Commission have entered into an Agreement dated January 26, 2000 (the "2000 B O & M Agreement"), with West Virginia - American Water Company, a West Virginia corporation (the "Company");

WHEREAS, the County Commission and the Company have provided the Issuer with plans and specifications for the acquisition, construction and equipping of the Series 2000 B Facilities, which plans and specifications are summarized in the Construction Outline Specifications, attached hereto as EXHIBIT D - CONSTRUCTION OUTLINE SPECIFICATIONS, attached hereto as a part hereof, and incorporated by reference herein, and the Issuer and the County Commission have agreed to appoint the Company as their agent for the purpose of acquisition, construction and equipping of the Series 2000 B Facilities;

WHEREAS, in order to provide funds for payment of the costs of the acquisition, construction and equipping of the Series 2000 B Facilities, as well as costs incidental thereto, the Issuer and the County Commission have each determined by order, resolution or ordinance duly adopted by their respective governing bodies that the Issuer will issue its Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), in an aggregate principal amount not to exceed $6,610,000 (the "Series 2000 B Bonds"), under and pursuant to an Ordinance of the Issuer enacted on January 5, 2000 (the "2000 B Ordinance");

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WHEREAS, the County Commission has agreed to lease the Series 2000 B Facilities and, subject to existing law, make lease payments that shall be sufficient to pay debt service on the Series 2000 B Bonds; and

WHEREAS, the Issuer and the County Commission have duly authorized the execution and delivery of this Lease by resolution, ordinance or order duly adopted or enacted by their respective governing bodies.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration and of the mutual benefits, covenants and agreements herein expressed, the receipt and sufficiency of all of which are hereby acknowledged, the Issuer and the County Commission hereby agree as follows:

ARTICLE I

DEFINITIONS, ETC.

Section 1.01. Terms Defined. In addition to terms defined elsewhere herein and in the 2000 B Ordinance (including the recitals hereto and the recitals in the 2000 B Ordinance), which shall have the same meanings herein, the following terms shall have the following meanings herein, unless the context requires otherwise:

"Act" means Chapter 8, Article 33 of the West Virginia Code of 1931, as amended and in effect on the date of delivery of the Bonds.

"Authorized Representative" or "Authorized Officer" means, with reference to the Issuer, the Chairman, Vice-Chairman or such other officer or officers designated in writing by the Issuer to execute those documents or perform those acts to which are then being referred; with reference to the County Commission, the President or such other officer or officers designated in writing by the County Commission to execute those documents or perform those acts to which are then being referred; with reference to the Company, any executive officer designated in writing by the Company to execute those documents or perform those acts to which are then being referred; and, with reference to the Authority, such officer or officers designated in writing by the Authority, as the case may be, to execute those documents or perform those acts to which are then being referred.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

"Bond" or "Bonds" means the Putnam County Building Commission Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), to be issued pursuant to the 2000 B Ordinance.

"Bond Counsel" means an attorney or firm of attorneys nationally recognized as expert in matters relating to the issuance of tax-exempt bonds and initially means Steptoe & Johnson of Clarksburg, West Virginia.

"Bondholders" or "Holder," when referring to the Bonds, means the person in whose name the Bonds are Registered, as provided in the 2000 B Ordinance.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations or West Virginia banking corporations are authorized by law to remain closed.

"Chairman" means the Chairman of the Issuer.

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

"Construction Outline Specifications" means the summary of the plans and specifications for the acquisition, construction and equipping of the Series 2000 B Facilities attached hereto as EXHIBIT D - CONSTRUCTION OUTLINE SPECIFICATIONS.

"Construction Period" means the period of time during which the Series 2000 B Facilities are being constructed.

"County Commission" or "Lessee" means The County Commission of Putnam County, Putnam County, West Virginia.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the original purchase price thereof.

"Code" means the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

"Deed of Trust and Security Agreement" means the Deed of Trust and Security Agreement dated as of the date hereof from the Issuer to the trustees named therein to secure the Authority for the repayment of the principal of and interest on the Bonds, as amended and supplemented from time to time.

"Event of Default" means any of the events described as an Event of Default in Section 10.01 hereof.

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

"Fiscal Year" means the fiscal year of the Issuer which, at the time of the original execution and delivery of this Lease begins on July 1 and ends on the next succeeding June 30, or such other 12-month period as may be designated by the Issuer in writing delivered to the Authority.

"Issuer" or "Lessor" means the Putnam County Building Commission, a public corporation and county building commission organized and existing under and by virtue of the provisions of the Constitution and laws of the State, created by the County Commission pursuant to the Act, and any successor in function.

"Lease" means this Agreement and Lease of Series 2000 B Facilities, all amendments thereof and supplements thereto and where applicable, also means any subsequent lease or leases of all or any portion of the Series 2000 B Facilities.

"Lease Term" shall have the meaning assigned to such term under Section 5.01 hereof.

"Net Proceeds" means, when used with respect to any insurance or condemnation award, the gross proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all expenses (including attorneys' fees) incurred in the collection of such gross proceeds.

"2000 B O & M Agreement" means the Agreement among the Issuer, the County Commission and the Company, dated as of January 26, 2000, relating to the acquisition, construction and equipping of the Series 2000 B Facilities and the subsequent operation, maintenance, repair and replacement of the Series 2000 B Facilities, as it may be amended from time to time and as approved by the Public Service Commission of West Virginia.

"Operating and Maintenance Expenses" means, with respect to the Series 2000 B Facilities and with respect to the period of determination, the costs and expenses of normal operation and maintenance of the Series 2000 B Facilities, including, without limitation, the costs and expenses of salaries and fringe benefits, utility service, insurance, taxes, fees, licenses, permits, administrative expenses, normal maintenance and repairs but excluding, however, depreciation, amortization, charges for renewal and replacement and other noncash expenses.

"Permitted Encumbrances" means this Lease, the Deed of Trust and Security Agreement and, as of any particular time,

(1) Liens for taxes and special assessments which are not then delinquent or, if then delinquent, are being contested by the Issuer in good faith;

(2) Utility, access and other easements and rights-of-way, restrictions and exceptions that the Issuer certifies will not interfere with or impair the operation of the Series 2000 B Facilities (or, if it is not being operated, the operation for which it was designed or last modified);

(3) Any subordinate, junior and inferior mechanics', laborers' or materialmen's lien if payment is not yet due; provided, however, such a lien may not be of record for in excess of 30 days unless contested in good faith by the Issuer;

(4) Such minor defects and irregularities of title as normally exist with respect to properties similar in character to the Series 2000 B Facilities and which do not materially adversely affect the value of the Series 2000 B Facilities or impair the property affected thereby for the purpose for which it was acquired or is held or used by the Issuer;

(5) Zoning laws and similar restrictions;

(6) Subleases of a portion or portions of the Series 2000 B Facilities bearing a term less than or equal to the then remaining term of the Lease, which subleases shall be subordinate to the lien of the Deed of Trust and Security Agreement and consented to in writing by the Authority, which consent shall not be unreasonably withheld;

(7) Such subsequent leases of the Series 2000 B Facilities or portions thereof in accordance with the terms of this Lease and which shall be subject to the lien of the Deed of Trust and Security Agreement and consented to in writing by the Authority;

(8) Liens, security interests and other encumbrances which are expressly subject and subordinate to this Lease and the Deed of Trust and Security Agreement and consented to in writing by the Authority and the Company; and

(9) The 2000 B O & M Agreement.

"Person" means natural persons, firms, associations, corporations, partnerships and public bodies.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

"Rent" means all receipts, revenues, income and other moneys received by or on behalf of the Issuer under the Lease.

"Series 2000 A Facilities" means all of that certain real property and personal property financed by, and pledged as security for, the Issuer's Waterworks Revenue Bonds Series 2000 A (West Virginia Water Development Authority), issued contemporaneously with the Bonds, authorized by that certain ordinance enacted by the Issuer on January 5, 2000.

"Series 2000 B Facilities" means the Site, all improvements, buildings, fixtures, equipment and other personal property, together with all additions, improvements and

additional facilities thereto, of every kind and nature located at the Site, now or hereafter acquired or constructed thereon, which have been leased by the Issuer to the County Commission pursuant to this Lease and are subject to the lien of the Deed of Trust and Security Agreement, subject to Permitted Encumbrances.

"Site" means the real estate described in EXHIBIT B - REAL PROPERTY DESCRIPTION, attached hereto as a part hereof, and incorporated by reference herein, and any additional real property which is made subject to the lien of the Deed of Trust and Security Agreement.

"State" means the State of West Virginia.

"Surcharges" means all surcharges paid by customers of the Series 2000 A Facilities and the Series 2000 B Facilities, as authorized by the Public Service Commission of West Virginia.

"Surcharge Fund" means the fund of the County Commission into which Surcharges received by the County Commission are deposited.

"Title" means good and marketable fee simple absolute title as to the Series 2000 B Facilities, subject only to Permitted Encumbrances.

"Written Request" means a request in writing signed by the Chairman or a Vice-Chairman of the Issuer or any other officer or officers designated by the Issuer.

Any requirement for execution of this Lease, the Bonds or any Certificate or other document by a Chairman, President or Secretary or other officer shall mean that such Bonds, Certificate or other document may be executed by the Vice Chairman, Vice-President, Assistant Secretary or Assistant to such other officer.

All references in this instrument to designated "Articles," "Sections" and other subdivisions are to be designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or other subdivision unless the context indicates otherwise.

The terms defined in this Section have the meanings assigned to them in this Section, words importing the singular shall include the plural as well as the singular and vice versa, words importing persons shall include firms, associations and corporations, and words importing the masculine, feminine and neuter gender shall be deemed to include all such genders.

All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

Section 1.02. Exhibits. The following Exhibits are attached to and by reference are hereby made a part of this Lease:

EXHIBIT A - WATERLINE LOCATIONS
EXHIBIT B - REAL PROPERTY DESCRIPTION
EXHIBIT C - PERSONAL PROPERTY DESCRIPTION
EXHIBIT D - CONSTRUCTION OUTLINE SPECIFICATIONS
EXHIBIT E - LEASE AND DEBT SERVICE SCHEDULES

ARTICLE II

REPRESENTATIONS

Section 2.01. Representations, Findings, Determinations and Warranties by the Issuer. The Issuer makes the following representations, findings, determinations and warranties as the basis for the undertakings and covenants on its part and on the part of the Lessee contained herein, all such representations and warranties to be maintained until termination of this Lease:

(A) The Issuer is a public corporation and county building commission validly created and existing under the Act and the other laws of the State, is authorized to enter into the transactions contemplated by this Lease, the 2000 B Ordinance and all other documents, agreements, instruments and certificates in connection herewith and therewith and to carry out its obligations hereunder and thereunder, has been duly authorized to execute and deliver this Lease and all other documents, agreements, instruments and certificates in connection herewith and therewith, and agrees that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

(B) The acquisition, construction and installation of the Series 2000 B Facilities, the issuance and sale of the Bonds, the enactment of the 2000 B Ordinance, the execution and delivery of this Lease and all other agreements, documents, instruments and certificates in connection herewith and therewith and the performance of all covenants and agreements of the Issuer contained in this Lease, the 2000 B Ordinance and all other documents, agreements, instruments and certificates in connection herewith and therewith and of all other acts and things required under the Constitution and laws of the State, or any other document, agreement or instrument by which the Issuer is bound, to make this Lease, the 2000 B Ordinance and all other documents, agreements and certificates in connection herewith and therewith valid and binding obligations of the Issuer in accordance with the terms thereof, are authorized by the Act and other laws of the State and have been duly authorized by proceedings of the Issuer enacted or adopted at meetings thereof duly called and held.

(C) The Issuer has not made, done, executed or suffered, and warrants that it will not make, do, execute or suffer any act or thing whereby its Title to and interest in the Series 2000 B Facilities shall or may be impaired, charged or encumbered in any manner whatsoever except for Permitted Encumbrances.

(D) To finance the costs of acquisition, construction and installation of the Project and to pay the costs of issuance thereof, the Issuer has authorized issuance of the Bonds in the aggregate principal amount of not more than $5,000,000 to be issued upon the terms set forth in the 2000 B Ordinance, under the provisions of which, in order to secure the payment of the principal, premium, if any, and interest on the Bonds, the interest of the Issuer in this Lease and the Rent to be received hereunder are pledged and assigned to the Authority, and the Series 2000 B Facilities shall become subject to the lien and pledge provided for in the Deed of Trust and Security Agreement for the benefit of the Bondholders.

(E) The Issuer has found and determined, and does hereby find and determine, that (i) the acquisition, construction and installation of the Project as provided for under this Lease, (ii) the financing of such acquisition, construction and installation by the issuance, sale and delivery by it of the Bonds, (iii) the leasing by it of the Series 2000 B Facilities to the County Commission under and pursuant hereto, and (iv) all other things contemplated by or contained in this Lease and the 2000 B Ordinance, are necessary, proper and appropriate to accomplish the public purpose of providing waterworks facilities to supply potable water to currently unserved portions of the County.

Section 2.02. Representations and Warranties by the County Commission. The County Commission makes the following representations and warranties, all such representations and warranties to be applicable upon and following issuance of the Bonds and to be maintained until termination of this Lease:

(A) The County Commission is a political subdivision of the State, duly and validly created and existing under the Constitution and the other laws of the State, has been duly authorized to execute and deliver this Lease and all other agreements, documents, instruments and certificates in connection herewith and therewith, and agrees that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

(B) The acquisition, construction and installation of the Series 2000 B Facilities, the execution and delivery of this Lease and all other agreements, documents, instruments and certificates in connection herewith, and the performance of all covenants and agreements of the County Commission contained in this Lease and all other agreements, documents, instruments and certificates in connection herewith, and of all other acts and things required under the Constitution and laws of the State, or any other document, agreement or instrument by which the County Commission is bound, to cause the acquisition, construction and equipping of the Series 2000 B Facilities and to make this Lease and all agreements, documents and instruments in connection

herewith, valid and binding obligations of the County Commission in accordance with the terms thereof, are duly authorized under the Constitution and other laws of the State and have been duly authorized by proceedings of the County Commission enacted or adopted at meetings thereof duly called and held. No authority or proceedings for the execution and delivery of this Lease and the performance of the obligations hereunder has or have been repealed, revoked or rescinded.

(C) There is no action, suit, proceeding, inquiry, order, claim, counterclaim, arbitration, demand or investigation at law or in equity or before or by any court, public board, authority or body, pending or threatened, or any order, judgment or decree in progress, nor is there any basis therefor, which would adversely affect the County Commission, the Series 2000 B Facilities or the transactions contemplated by this Lease or any of the documents, agreements, instruments or certificates in connection herewith or the consummation of the transactions contemplated thereby, the payment of Rent hereunder from the Surcharge Fund and other legally available funds of the County Commission, subject to annual appropriation by the County Commission, the application of any money or security granted by the County Commission that may be used for payment of the Bonds or the operation of the Series 2000 B Facilities, or which in any way would adversely affect the validity or enforceability of this Lease, the Bonds or the Deed of Trust and Security Agreement or the payment of Rent hereunder from the Surcharge Fund and other legally available funds of the County Commission or which in any way would adversely affect the ability of the County Commission to perform its obligations under this Lease or any agreement, document or instrument in connection herewith and therewith, the creation, organization or existence of the County Commission, the title to office of any officer thereof or the power of the County Commission to lease and operate the Series 2000 B Facilities.

(D) The County Commission will operate the Series 2000 B Facilities, or cause the Series 2000 B Facilities to be operated, as a public water distribution system until the date on which all of the Bonds have been fully paid and are no longer outstanding.

(E) The execution and delivery of this Lease and all documents, agreements, instruments and certificates in connection herewith, the consummation of the transactions contemplated hereby, and the compliance with, fulfillment of and carrying out of the provisions and terms hereof and thereof, including without limitation the operation of the Series 2000 B Facilities, do not and will not, with or without the giving of notice or passage of time, or both, conflict with or constitute on the part of the County Commission a violation or breach of or constitute or result in a default or loss

of rights (or give rise to any right of termination, cancellation or acceleration) under or result in the creation of any lien, charge or encumbrance pursuant to and are not materially adversely affected by any mortgage, indenture, note agreement, bond, contract, lease, document, resolution, deed of trust or other agreement, obligation or instrument to which the County Commission is a party or by which the County Commission or its properties are bound or affected or any charter provision, judgment, statute, ordinance, order, rule, law, court decision, decree or regulation by which the County Commission or its properties are subject or affected, and will not cause any forfeiture or impairment of any license, authorization or permit.

(F) The County Commission has complied in all material respects with the applicable provisions of law which would affect its ability to enter into this Lease and consummate the transactions set forth herein and has full legal right, power and authority to enter into, execute and deliver this Lease and all other documents, agreements, instruments and certificates in connection herewith and perform its obligations hereunder and thereunder, to lease, operate and use the Series 2000 B Facilities, to conduct its business as contemplated in this Lease, and to carry out and consummate all transactions contemplated by the foregoing, including, without limitation, the payment of Rent hereunder from the Surcharge Fund and other legally available funds of the County Commission, subject to annual appropriation by the County Commission.

(G) Funds have been appropriated by the County Commission or are otherwise available in an amount sufficient to make all rental payments, if any, during the Fiscal Year beginning July 1, 1999, and the County Commission reasonably believes that funds can be obtained in an amount sufficient to make all rental payments during the entire Lease Term. It is the County Commission's intent to make the rental payments for the full Lease Term if funds are legally available therefor and in that regard the County Commission represents that: (a) the use of the Series 2000 B Facilities is essential to its proper, efficient and economic functioning or to the services that it provides to its citizens; (b) the County Commission has an immediate and continuing need for the use of substantially all of the Series 2000 B Facilities, which is not temporary or expected to diminish in the foreseeable future; and (c) the Series 2000 B Facilities are and will be used by the County Commission only for the purpose of performing one or more of its governmental or proprietary functions consistent with the permissible scope of its authority.

ARTICLE III

ACQUISITION, CONSTRUCTION AND EQUIPPING OF SERIES 2000 B FACILITIES

Section 3.01. Construction Outline Specifications. The County Commission and the Company have provided the Issuer with, and the Issuer has agreed to, specific plans and specifications for the acquisition, construction and equipping of the Series 2000 B Facilities, as summarized in EXHIBIT C - CONSTRUCTION OUTLINE SPECIFICATIONS.

Section 3.02. Appointment of Company as Agent. The Issuer and the County Commission hereby appoint the Company as agent of the Issuer and the County Commission for the purposes of acquisition, construction and equipping of the Series 2000 B Facilities and contracting for all services necessary or incidental thereto.

Section 3.03. Acquisition, Construction and Equipping of Series 2000 B Facilities by Issuer. The Issuer shall enter into such contracts and agreements as may be necessary, at the request and direction of the Company, to enable the Series 2000 B Facilities to be acquired, constructed and equipped in accordance with the Construction Outline Specifications, including all Change Orders which the Company may request during the course of the acquisition, construction and equipping of the Series 2000 B Facilities pursuant to Section 3.04 of this Lease.

Section 3.04. Change Orders. The Issuer, at the request of the Company, may request such changes in the Construction Outline Specifications during the course of the acquisition, construction and equipping of the Series 2000 B Facilities as the Company deems necessary or advisable, provided however, that any such Change Order shall not (i) materially adversely reduce the number of anticipated users of the Series 2000 B Facilities upon completion of acquisition, construction and equipping of the Series 2000 B Facilities, or (ii) cause the costs of acquisition, construction and equipping of the Series 2000 B Facilities to exceed the amount available to pay such costs as provided in the 2000 B Ordinance. Any Change Orders under this Section shall be deemed incorporated into and made a part of the Construction Outline Specifications for purposes of this Lease.

Section 3.05. Insurance During Construction Period. During the Construction Period, the Issuer shall maintain or cause to be maintained "all-risk" and "extended risk" property insurance and builder's risk and fire insurance, in each case with respect to the Series 2000 B Facilities covering physical loss or damage to the Series 2000 B Facilities.

ARTICLE IV

ISSUANCE OF BONDS BY THE ISSUER

Section 4.01. Sale of Bonds. The Issuer and the County Commission have determined that the Bonds can be issued and sold upon fair and reasonable terms, and that the Issuer shall issue, sell and deliver the Bonds in an aggregate principal amount not in excess of $5,000,000 pursuant to and in conformity with the 2000 B Ordinance. The proceeds of the Bonds shall be deposited and applied as provided in the 2000 B Ordinance.

Section 4.02. Payment of Bonds. The principal of, redemption premium, if any, and interest on the Bonds shall be payable in accordance with the provisions of the 2000 B Ordinance and the Bonds, and the Rent paid by the County Commission hereunder shall be pledged to secure the payment of the Bonds, all as provided herein and in the 2000 B Ordinance.

Section 4.03. Assignment of Rights Under Lease and Priority of 2000 B Ordinance. This Lease and the rights, interests, powers, privileges and benefits accruing to or vested in the Issuer hereunder shall be protected and enforced in conformity with the 2000 B Ordinance and is assigned by the Issuer to the Authority as security for the Bonds pursuant to the 2000 B Ordinance, and shall be exercised and enforced for or on behalf of the Bondholders in conformity with the provisions hereof and of the 2000 B Ordinance. Notwithstanding anything herein or in the 2000 B Ordinance to the contrary, this Lease is and shall be expressly subject to the 2000 B Ordinance. THE ISSUER SHALL RETAIN NO RIGHTS HEREUNDER, EXCEPT THOSE RIGHTS SET FORTH IN SECTIONS 6.01 AND 8.07, AND NOTWITHSTANDING ANY PROVISION HEREIN TO THE CONTRARY, ONLY THE BONDHOLDERS SHALL HAVE THE RIGHT TO PURSUE ANY REMEDIES HEREUNDER.

ARTICLE V

DEMISING CLAUSES AND RENT

Section 5.01. Leasing of the Series 2000 B Facilities - Term of Lease. In consideration of the Rent to be received by the Issuer and of the covenants, agreements and promises herein contained to be kept and performed by the County Commission, and in consideration of the issuance of the Bonds by the Issuer and the assignment of the Lease by the Issuer to the trustees named in the Deed of Trust and Security Agreement, the Issuer hereby demises and leases the Series 2000 B Facilities to the County Commission and the County Commission hereby hires, takes and leases the Series 2000 B Facilities from the Issuer, for the Lease Term, at the Rent and on the conditions herein set forth.

The term of the demise and leasing of the Series 2000 B Facilities by the Issuer to the County Commission, subject to the provisions hereof (the "Lease Term"), shall commence on the Closing Date, and shall extend, unless sooner terminated in accordance with the provisions hereof, to June 1, 2039, provided, however, that the Lease Term shall expire on such earlier or later date as the principal of, premium, if any, and interest on all the Bonds and all other expenses or amounts payable by the County Commission hereunder or under the 2000 B Ordinance are paid or provisions for the payment thereof have been made.

NOTWITHSTANDING THE FOREGOING OR ANYTHING HEREIN TO THE CONTRARY, THE ISSUER HEREBY GRANTS TO THE COUNTY COMMISSION THE OPTION TO TERMINATE THIS LEASE DURING ANY FISCAL YEAR COVERED HEREBY, IN ACCORDANCE WITH THE ACT AND OTHER PROVISIONS OF LAW, AND IN THE EVENT OF THE EXERCISE OF SUCH OPTION TO TERMINATE THIS LEASE, THE RENT PAYABLE HEREUNDER SHALL BE CANCELED WITHOUT PENALTY TO THE COUNTY COMMISSION AT THE END OF THE THEN CURRENT FISCAL YEAR, WHEREUPON THE COUNTY COMMISSION SHALL SURRENDER THE PREMISES TO THE ISSUER AT THE END OF THE THEN CURRENT FISCAL YEAR. THE COUNTY COMMISSION COVENANTS TO PROVIDE THE ISSUER AND THE AUTHORITY WITH WRITTEN NOTICE, IN ACCORDANCE WITH SECTION 11.01 HEREOF, OF ITS INTENTION TO EXERCISE SUCH OPTION TO TERMINATE THIS LEASE NOT LESS THAN 90 DAYS PRIOR TO THE END OF THE FISCAL YEAR IN WHICH THE COUNTY COMMISSION ELECTS TO EXERCISE SUCH OPTION.

Section 5.02. Rent. Until payment in full of the Bonds and the interest thereon and all fees, charges and costs owed by the County Commission hereunder, the County Commission shall pay, directly to the West Virginia Municipal Bond Commission, except in the case of the Renewal and Replacement Fund which payments therefore shall be

made to the Lessor, on or before the first Business Day of each month, commencing February 1, 2000, from moneys deposited in the Surcharge Fund and earnings thereon, and to the extent such amounts are insufficient therefor, from other moneys legally available for such purpose, Rent to be computed by adding the following:

(1) In the event the Series 2000 B O & M Agreement is terminated, Operating Expenses of the Series 2000 B Facilities;

(2) On the due date of each monthly sinking fund installment of interest on the Bonds, as set forth in Section 5.03 A of the 2000 B Ordinance, the amount required to pay such monthly installment in accordance with the 2000 B Ordinance, as set forth on the Lease and Debt Service Schedules attached hereto as Exhibit E and incorporated herein by reference (the "Lease Payment Schedule");

(3) On the due date of each monthly sinking fund installment of principal of the Bonds, as set forth in Section 5.03 A of the 2000 B Ordinance, the amount required to pay such monthly installment in accordance with the 2000 B Ordinance, as set forth on the Lease Payment Schedule;

(4) In the event the Series 2000 B O & M Agreement is terminated, the amount required to be paid into the Series 2000 B Bonds Reserve Account in accordance with the 2000 B Ordinance;

(5) The amount required to be paid into the Renewal and Replacement Fund in accordance with the 2000 B Ordinance, which amount shall be $1,250.00 per month so long as the 2000 B O & M Agreement has not been terminated;

(6) When due, the fees and expenses of the Issuer, the Depository Bank, Registrar and Paying Agent for services under the 2000 B Ordinance and under this Lease; and

(7) Any other amounts then due and payable by the Issuer pursuant to the provisions of the 2000 B Ordinance, specifically including, but not limited to, any administrative fees of the West Virginia Water Development Authority, as set forth on the Lease Payment Schedule.

In any event, the County Commission shall pay Rent in amounts sufficient to accumulate sums necessary to promptly pay the principal of, premium (if any) and interest on the Bonds, as the same become due and payable, and to pay all other amounts payable by the County Commission or the Issuer pursuant to this Lease or the 2000 B Ordinance, respectively.

All payments of Rent shall be made directly to the West Virginia Municipal Bond Commission and applied in the manner provided in the 2000 B Ordinance. This Lease is a "triple net lease," and the Issuer shall be under no obligation to operate, maintain, replace or improve the Series 2000 B Facilities or pay the cost thereof so long as this Lease remains in force and effect, but shall be entitled to have the Rent paid as required herein on an absolute net basis, and such Rent shall not be subject to abatement before retirement of all Bonds as contemplated in Section 5.04 hereof, and payment of all amounts due hereunder, provided, however, that in the event of any partial redemption of Bonds as provided in Section 5.06 hereof, then the Rent payable hereunder shall be adjusted accordingly.

Section 5.03. County Commission's Obligations - Limited Obligations. The Issuer and the County Commission covenant and agree that, during the term of this Lease, the County Commission shall bear all risk of damage or destruction in whole or in part to the Series 2000 B Facilities or any part thereof including without limitation any loss, complete or partial, or interruption in the use, occupancy or operation of the Series 2000 B Facilities, or any manner or thing which for any reason interferes with, prevents or renders burdensome the use or occupancy of the Series 2000 B Facilities or the compliance by the County Commission with any of the terms hereof. Notwithstanding the foregoing or anything herein to the contrary, the County Commission's obligations to pay the Rent hereunder from the Surcharge Fund and the other legally available funds of the County Commission, subject to annual appropriation by the County Commission, and the County Commission's obligations to perform and observe the other covenants and agreements contained herein, shall be special and limited obligations of the County Commission payable solely from the Surcharge Fund and the other legally available funds of the County Commission, subject to annual appropriation by the County Commission, and other sources provided for herein and in the 2000 B Ordinance and shall not, in any event, be or constitute an indebtedness of the County Commission within the meaning of any constitutional or statutory provision or limitation or constitute or give rise to a pecuniary liability of the County Commission, except that the County Commission may pay such Rent from any lawful source notwithstanding the foregoing. Neither the Issuer nor any Holder of any Bond shall ever have the right to compel the exercise of the taxing power of the County Commission to pay the Rent provided hereunder or to pay the principal of or premium on Bonds or the interest thereon. The obligations of the County Commission hereunder shall never be a charge against or pledge of the property, faith and credit or taxing power of the County Commission.

Section 5.04. County Commission's Remedies. Nothing contained in this Article shall be construed to release the Issuer from the performance of any of its agreements herein, and if the Issuer should fail to perform any such agreement, the County Commission may institute such action against the Issuer as the County Commission may deem necessary to compel the performance or to recover damages for nonperformance, subject to Section 8.07 hereof, so long as such action shall not violate the County Commission's agreements in Section 5.03. The County Commission may at its own cost and expense, and in its own name or in the name of the Issuer, prosecute or defend any action or proceeding

against third parties or take any other action which the County Commission deems reasonably necessary in order to secure or protect its right of possession, occupancy and use of the Series 2000 B Facilities under this Lease. In that event the Issuer agrees to cooperate fully with the County Commission, and to take all action necessary to effect the substitution of the County Commission for the Issuer in any such action or proceeding if the County Commission shall so request.

Section 5.05. Nonappropriation. A. The County Commission hereby warrants that funds have been appropriated or are available in an amount sufficient to make all payments of Rent, if any, during the Fiscal Year commencing July 1, 1999, and reasonably believes that funds can be obtained in the amount necessary to make all payments of Rent during the Lease Term and hereby covenants that it will do all things lawfully within its power to obtain, maintain and properly request and pursue funds from which the payments of Rent may be made, including making provisions for such payments to the extent necessary in each annual budget. During the Lease Term the County Commission will furnish to the Authority, no later than 10 days following adoption of the budget for each Fiscal Year (the "Appropriation Notice Date"), a certificate that the Rent due in that Fiscal Year has been included in the budget approved by the County Commission for such Fiscal Year or, if not so included, notification of such fact within one Business Day following adoption of such budget. During the Lease Term, the County Commission shall not give priority in the application of funds to any facilities functionally similar to the Series 2000 B Facilities.

Section 5.06. Prepayment of Rent. The Rent payable hereunder may be prepaid in the event of redemption of Bonds pursuant to the 2000 B Ordinance. In addition to the foregoing, subject to the advance written consent of the Authority, there is hereby reserved to the County Commission the right, and the County Commission is hereby authorized and permitted, at any time and as often as it may choose, to prepay all or any part of the Rent payable under Section 5.02 hereof together with such other amounts as shall be sufficient to redeem all or a portion of the Bonds in accordance with the redemption provisions of Article X of the 2000 B Ordinance. All Rent and other sums prepaid pursuant to this Section 5.06 shall be applied to the redemption or purchase of outstanding Bonds in the manner and to the extent provided for in Article X of the 2000 B Ordinance. In the event of any partial redemption of Bonds, the Rent payable hereunder shall be reduced to reflect such partial redemption.

In the event of all or any portion of the Bonds becoming due and payable pursuant to the provisions of Article X hereof, Rent payable hereunder sufficient to pay the interest and principal thereon shall be and become at once due and payable.

Section 5.07. Transfer of Series 2000 B Facilities to County Commission upon Payment in Full of Rent. Upon payment of all Rent required hereunder and upon payment, or provision for such payment, by the Issuer of the principal of, redemption

premium, if any, and interest on the Bonds, the Issuer shall, at the expense of the County Commission, make and deliver to the County Commission a good and proper deed, bill of sale and/or other instrument or instruments of conveyance required by the County Commission upon advice of counsel, duly executed and acknowledged with transfer stamps (if applicable) attached thereto, conveying title to the Series 2000 B Facilities, subject to all reservations, exceptions, conditions, easements, rights of way, or other like limitations of record or otherwise under and by which Issuer is bound in ownership of said property.

Section 5.08. Right to Purchase. The Issuer hereby grants unto the County Commission the right to purchase the Series 2000 B Facilities upon the payment in full of the Bonds.

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Nothing contained herein shall be deemed to constitute an admission by either the Issuer or the County Commission to any third party other than the Authority that either the Issuer or the County Commission is liable for any tax, charge, fee, rate imposition or assessment.

Section 6.02. Liens. Subject to the provisions of Section 6.04 hereof relating to permitted contests, the County Commission will not create or permit to be created or remain and will, at its cost and expense, promptly discharge all liens, encumbrances and charges on the Series 2000 B Facilities or any part thereof, other than Permitted Encumbrances.

Section 6.03. Compliance with Orders, Ordinances, Etc. Subject to the provisions of Section 6.04 hereof relating to permitted contests, the County Commission shall, throughout the term of this Lease, at its sole cost and expense, promptly comply in all material respects with all laws, codes, ordinances, orders, decrees, rules, regulations and requirements of duly constituted authorities which may be applicable to the Series 2000 B Facilities or to the repair and alteration thereof, or to the use, manner of use or leasing of the Series 2000 B Facilities. This Lease shall be amended by the parties hereto to the full extent necessary to ensure compliance with all such laws, codes, ordinances, orders, decrees, rules, regulations and requirements to enable the continued operation of the Series 2000 B Facilities by the County Commission but not in any manner which would materially adversely affect or impair the obligations of the Issuer under the 2000 B Ordinance, or materially adversely affect or impair the security interest of the Authority under the Ordinance, in the judgment of the Authority based upon an opinion of counsel.

Section 6.04. Permitted Contests. The County Commission shall not be required to pay any tax, charge, fee, rate, imposition or assessment referred to in Section 6.01 hereof, nor to remove any lien, charge or encumbrance required to be removed under Section 6.02 hereof, nor to comply with any law, code, ordinance, order, decree, rule, regulation or requirement referred to in Section 6.03 hereof, so long as the County Commission shall contest, in good faith and at its cost and expense, in its own name and behalf or in the name and behalf of the Issuer, the amount or validity thereof, in an appropriate manner or by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of, or other realization upon, the tax, charge, fee, rate, imposition, assessment, lien or encumbrance so contested, and the sale, forfeiture, or loss of the Series 2000 B Facilities or any part or portion thereof, or of the rent or any portion thereof, to satisfy the same; provided, that no such contest shall subject the Issuer or the Authority to the risk of any liability. While any such matters are pending, the County Commission shall not pay, remove or cause to be discharged the tax, charge, fee, rate, imposition, assessment, lien or encumbrance being contested unless the County Commission agrees to settle such contest. Each such contest shall be promptly prosecuted to final conclusion (subject to the right of the County Commission to settle any such contest), and in any event the County Commission will save the Issuer harmless against all losses, judgments,

decrees and costs (including attorney's fees and expenses in connection therewith) and will, promptly after the final determination of such contest or settlement thereof, pay and discharge the amounts which shall be levied, assessed, imposed or determined to be payable therein, together with all penalties, fines, interest, costs and expenses thereon or in connection therewith. The County Commission shall give the Issuer and the Authority prompt written notice of any such contest and the Issuer agrees to cooperate with the County Commission, at the County Commission's cost and expense, in any such contest.

Notwithstanding any rights granted to the County Commission under the preceding paragraph of this Section 6.04, if the Authority or the Issuer shall notify the County Commission that, in the opinion of independent counsel, by nonpayment of any of the foregoing items, the lien of the Deed of Trust and Security Agreement as to any substantial part of the Series 2000 B Facilities will be materially endangered or the Series 2000 B Facilities or any part thereof will be subject to imminent loss or forfeiture or the rights or obligations of the Issuer under the 2000 B Ordinance shall in any way be materially adversely affected or impaired, or the security interest of the Authority under the Deed of Trust and Security Agreement shall be materially or adversely affected or impaired, then the County Commission shall promptly, but in any event in not more than 5 days from receipt by the County Commission of such notification, pay all such unpaid items or cause them to be stayed, satisfied and discharged.

Section 6.05. Use of the Series 2000 B Facilities. A. The County Commission will use the Series 2000 B Facilities only as and for a public water distribution system or in furtherance of other lawful governmental purposes of the County Commission.

B. Subject to the terms of the 2000 B O&M Agreement, the County Commission may sublease the Series 2000 B Facilities or agree or contract for the performance by others of administration, management or operations on or in connection with the Series 2000 B Facilities or any part or portion thereof, for any lawful purpose, provided that (i) each such sublease, agreement or contract shall not be inconsistent with, and will be subject to, the provisions of the 2000 B Ordinance and this Lease; and (ii) any such sublease, agreement or contract shall have been approved in advance, in writing, by the Authority.

Section 6.06. Repairs, Maintenance and Alterations. The County Commission will, throughout the Lease Term, cause to be kept and maintained the Series 2000 B Facilities in good condition and repair and not abandon the same, or any part or portion thereof, nor commit or permit the commission of waste on or in the Series 2000 B Facilities, or any part or portion thereof, or permit any building, structure or improvement to be removed, destroyed, demolished or structurally altered in whole or in part except as permitted herein and shall cause any person in possession of the Series 2000 B Facilities or any portion thereof to comply with all laws, ordinances, rules and regulations relating to the use, leasing or maintenance of the Series 2000 B Facilities and with all requirements, directions and orders and notices of violations thereof issued by any governmental agency,

body or officer, and will make all necessary repairs thereto, structural and non-structural, ordinary as well as extraordinary and foreseen as well as unforeseen, and all necessary replacements or renewals.

The County Commission shall have the right from time to time at its sole cost and expense to make additions, alterations and changes (hereinafter collectively referred to as "alterations") in or to the Series 2000 B Facilities, provided, however, that no alteration of any kind shall be made which would result in a violation of the provisions of Section 6.05 hereof.

With respect to any repairs, construction, restoration, replacement or alterations performed upon the Series 2000 B Facilities by the County Commission through the Company as its agent during the Lease Term, in accordance with or as required by any provisions hereof, the County Commission and Company agree that:

(1) No work in connection therewith shall be undertaken until the County Commission or its agents shall have procured and paid for, so far as the same may be required, from time to time, all municipal and other governmental permits and authorizations of the various municipal departments and governmental subdivisions having jurisdiction, and the Issuer agrees to join in the application for such permits or authorizations whenever such action is necessary;

(2) All work in connection therewith shall be done promptly and in good workmanlike manner and in compliance with the building and zoning laws of the municipality or other governmental subdivision wherein the Series 2000 B Facilities are situate, and with all laws, ordinance, orders, rules, regulations and requirements of all federal, state and municipal governments and the appropriate departments, commissions, boards and officers thereof, and shall not violate the provisions of any policy of insurance covering the Series 2000 B Facilities, and the work shall be prosecuted with reasonable dispatch, unavoidable delays excepted; and

(3) Workers' compensation coverage for all persons employed in connection with the work and with respect to whom death or bodily injury claims could be asserted against the Issuer or the County Commission, and general liability insurance (specifically covering this class of risk) for the mutual benefit of the Issuer and the County Commission in such amounts as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure and as otherwise required or permitted by applicable law. The general liability insurance provided for in this paragraph may be effected by an appropriate endorsement, if obtainable, upon the insurance referred to in Section 6.09 hereof. All such insurance shall be

effected with financially sound and reputable insurance companies qualified to do business in the State.

Section 6.07. Renewal and Replacement of Equipment. Subject to the terms of the 2000 B Ordinance, in any instance where the County Commission in its sole discretion determines that any items of fixtures or equipment have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the County Commission may remove such items from the Series 2000 B Facilities and sell, trade-in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability therefor, provided that such removal or substitution shall not impair the operating utility of the Series 2000 B Facilities.

Section 6.08. Installation of Fixtures and Equipment by the County Commission. The County Commission may from time to time in its sole discretion and at its own cost and expense, install or place other fixtures or equipment and tangible personal property in the Series 2000 B Facilities. The County Commission may remove such fixtures or equipment and tangible personal property at any time at its own cost and expense, whether or not the same shall have been affixed or annexed to the Series 2000 B Facilities, but any damage caused to the Series 2000 B Facilities by any such removal shall be restored at the sole cost and expense of the County Commission.

Section 6.09. Liability and Casualty Insurance. Provided that the 2000 B O & M Agreement is no longer in effect, the Issuer shall procure and maintain, or cause to be procured and maintained, such insurance as is required under the 2000 B Ordinance.

Section 6.10. Authority's Rights to Perform County Commission's Covenants; Advances. In the event the County Commission shall fail to (i) pay any tax, charge, assessment or imposition pursuant to Section 6.01 hereof, (ii) remove any lien, encumbrance, or charge pursuant to Section 6.02 hereof, (iii) maintain the Series 2000 B Facilities in repair pursuant to Section 6.05 hereof, (iv) procure the insurance required by Section 6.09 hereof, or (v) fail to make any other payment (other than rent) or perform any other act required to be performed hereunder, then and in each such case the Authority may (but shall not be obligated to) remedy such default for the account of the County Commission and make advances for that purpose; provided that this clause shall not otherwise abate the obligations of the Issuer under the 2000 B Ordinance with respect thereto. No such performance or advance shall operate to release the County Commission from any such default or constitute an acquiescence therein and any sums so advanced by the Authority shall be repayable by the County Commission on demand and shall bear interest at the average weighted rate of interest on the Bonds, from the date of the advance until repaid. The Authority shall have the right of entry on the Series 2000 B Facilities or any part or portion thereof at any reasonable time in order to effectuate the purposes of this Section 6.10.

Section 6.11. County Commission Shall Manage, Operate and Administer Series 2000 B Facilities. This Lease is a "triple net lease" and the Issuer shall retain no rights with respect to the operation, management or administration of the Series 2000 B Facilities. The County Commission shall have the sole right, subject to the terms of the 2000 B Ordinance, the 2000 B O & M Agreement and this Lease, during the term of this Lease, to operate, manage and administer the Series 2000 B Facilities, including, but not limited to all decisions with respect to hiring and discharge of employees, subleasing or entering into contracts or agreements for the operation and maintenance of all or any portion of the Series 2000 B Facilities, acquiring and selling of fixtures or equipment or additional property, adding, improving, renovating or removing portions of the Series 2000 B Facilities and all other matters incidental to the operation, management and administration of the Series 2000 B Facilities, and the County Commission shall further pay all Operating and Maintenance Expenses of the Series 2000 B Facilities. Notwithstanding the foregoing, the County Commission may contract with the Company or other entity to operate, manage and administer the Series 2000 B Facilities under the 2000 B O & M Agreement or a similar agreement.

Section 6.12. Permits, Etc. The Issuer and the County Commission hereby represent, warrant and covenant, all such representations and warranties to be applicable upon and following issuance of the Bonds and to be maintained until termination of this Lease, that the Issuer and the County Commission have, respectively, obtained or received and will obtain and receive and have and will keep in full force and effect, all consents, permits, licenses, approvals, certificates, exemptions, rights, orders, franchises, privileges and authorizations, all of which have been made and/or submit all declarations, filings, payments, reports, notices, statements, papers and registrations necessary to enter into and perform their respective obligations under and consummate the transactions contemplated in this Lease and all other documents, agreements, instruments and certificates in connection therewith, to lease, use and operate the Series 2000 B Facilities and to impose rates and charges; and the Issuer has taken and will take all other action required in connection with this Lease, the consummation of the transactions contemplated herein and all other documents, agreements, instruments and certificates in connection herewith, the leasing, use and operation of the Series 2000 B Facilities and the imposition of such rates and charges. The County Commission is and will remain in compliance with all applicable laws, rules and regulations relating to the Series 2000 B Facilities.

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ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.01. Damage or Destruction. To the extent not provided for in the 2000 B O & M Agreement, or in the event the 2000 B O & M Agreement is no longer in effect, the Issuer agrees to notify the County Commission and the Authority immediately in the case of loss or damage covered by insurance required under Section 6.09(A) hereof and shall hold the proceeds from such insurance in an appropriately designated fund. Thereafter, the Issuer and the County Commission shall determine, in writing, within 60 days of the occurrence of such loss or damage whether it is practicable to repair, reconstruct or replace such damaged or destroyed property and the estimated time required for such repair, reconstruction or replacement. The Issuer may, with the consent of the County Commission, elect to apply the proceeds at its discretion to the repair, reconstruction or restoration of such damaged property or to redemption of the Bonds. In the event the Issuer elects to redeem the Bonds, the Issuer will promptly inform the County Commission and the Authority in writing of its decision not to rebuild and the Net Proceeds of such insurance shall be applied to prepayment of Rent hereunder and transferred to the Series 2000 B Bonds Sinking Fund for payment of the principal and redemption premium, if any, of the Bonds and the interest thereon in accordance with the redemption provisions of the 2000 B Ordinance. In the event that the Issuer elects to redeem Bonds following such damage or destruction, it shall pay, as Rent hereunder, any amounts required to effect such redemption which may not be available from the proceeds of such insurance. In the event that the Issuer elects to repair, reconstruct or replace the damaged property, the Issuer shall promptly proceed to repair, reconstruct and replace such part of the Series 2000 B Facilities to its original condition as far as possible. The moneys required for such repair, reconstruction and replacement shall be paid from: (i) the Net Proceeds of insurance received by reason of such occurrence which Net Proceeds shall be deposited in a reconstruction fund; and (ii) to the extent such insurance proceeds are not sufficient, from moneys to be provided by the County Commission to the extent authorized by law and to the extent such moneys are lawfully available therefor. Notwithstanding the foregoing or anything herein to the contrary, the proceeds of any insurance award shall be invested, pending disbursement or use as provided in this Lease and the 2000 B Ordinance in Permitted Investments, as then permitted by applicable law.

Section 7.02. Condemnation. A. Immediately after the commencement of any condemnation or similar proceedings by a third party in the exercise of a power of eminent domain, or a power in the nature of eminent domain which in any way affects the Series 2000 B Facilities, the Issuer shall immediately notify the County Commission and the Authority in writing. The Net Proceeds of any condemnation award or other compensation paid by reason of a conveyance in lieu of the exercise of such power, with respect to the Series 2000 B Facilities or any part or portion thereof shall be held by the Issuer in an appropriately designated fund. The Issuer may, with the consent and agreement of the

County Commission, within 60 days of receipt of such condemnation award or compensation, by written notice to the County Commission and the Authority, elect to have such Net Proceeds or other compensation applied to prepayment of Rent hereunder, in which event the Issuer shall transfer such proceeds to the Series 2000 B Bonds Sinking Fund and apply the same to redemption of the Bonds and the County Commission shall pay any additional amount required to effect such redemption or the Issuer may, with the consent of the County Commission, elect to replace or restore the part or portion of the Series 2000 B Facilities affected by such taking or conveyance, in which event the Issuer shall promptly proceed to replace or restore such part or portion of the Series 2000 B Facilities, including any fixtures, equipment and effects, to its original usefulness and condition or a condition of at least an equivalent value immediately prior to such event, insofar as possible. The moneys required for such replacement or restoration shall be paid: (i) from the Net Proceeds of such condemnation award, or other compensation, which Net Proceeds or other compensation shall be held in a reconstruction fund with the Issuer and disbursed in accordance with a requisition procedure established by the Issuer in its reasonable discretion; and (ii) to the extent that such proceeds are not sufficient, from moneys to be provided by the County Commission, to the extent authorized by law and to the extent moneys are lawfully available therefor.

B. Notwithstanding the foregoing, the proceeds of any condemnation award or other compensation shall be invested, pending disbursement or use as provided herein in Permitted Investments, as then permitted by applicable law.

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ARTICLE VIII

ADDITIONAL COVENANTS OF THE LESSEE AND OTHERWISE

Section 8.01. Maintenance of Existence. The County Commission agrees that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

Section 8.02. RESERVED.

Section 8.03. Books and Records. The County Commission will keep books and records of the Series 2000 B Facilities, which shall be separate and apart from all other books, records and accounts of the County Commission, in which complete and correct entries shall be made of all transactions relating to the Series 2000 B Facilities, and any Registered Owner of a Bond or Bonds shall have the right at all reasonable times to inspect the Series 2000 B Facilities and all parts or portions thereof and all records, accounts and data of the County Commission relating thereto.

The accounting system for the Series 2000 B Facilities shall follow current generally accepted governmental accounting principles and safeguards to the extent allowed and as prescribed by applicable law. Separate control accounting records shall be maintained by the County Commission. 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 County Commission. The County Commission 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 County Commission shall be reported to such agent of the County Commission as the County Commission shall direct.

The County Commission shall, at least once a year, cause its books, records and accounts to be audited by independent certified public accountants (or in lieu thereof, the State Tax Department of the State of West Virginia) and shall mail, upon request, and make available generally, the report of said independent certified public accountants to any Registered Owner of the Bonds and shall file said report with the Issuer and the Authority.

Section 8.04. No Representation by Issuer as to Condition or Suitability. The County Commission acknowledges (i) that the Issuer has acquired Title to the Site and that the Issuer has acquired, constructed and equipped the Series 2000 B Facilities in accordance with the Construction Outline Specification, as supplied and modified by the County Commission, and that the County Commission has examined the Series 2000 B Facilities and knows the condition thereof and under this Lease accepts the same in said condition, (ii) that the Issuer has made no warranty, either express or implied, as to the

condition of the Series 2000 B Facilities or any part or portion thereof or that the Series 2000 B Facilities will be suitable for the County Commission's purposes or needs, and (iii) that the County Commission in entering this Lease is relying solely upon its own knowledge of the Series 2000 B Facilities.

Section 8.05. Liens and Encumbrances. The County Commission covenants that it will not, directly or indirectly, create, assume, incur or suffer to exist any mortgage, pledge, encumbrance, lien, security interest or charge of any kind upon the Series 2000 B Facilities or upon any income, revenues, receipts or proceeds of the County Commission in respect of the Series 2000 B Facilities except Permitted Encumbrances.

Section 8.06. County Commission Authorization. The County Commission covenants and warrants that it is duly authorized, under the Constitution and laws of the State and under all other applicable provisions of law, to execute and deliver this Lease, that all action on its part for the authorization of this Lease has been duly and effectually taken, that the Lease is and will be a valid and enforceable obligation of the County Commission in accordance with its terms and as herein set forth, and that the County Commission now has or will use its best efforts to obtain complete and lawful authority and privilege to maintain and operate the Series 2000 B Facilities and that no consents, certificates, orders, permits, rights, franchises, registrations, licenses, exemptions, filings, approvals, authorizations, declarations or privileges of the County Commission, all of which are currently in full force and effect, will be allowed to lapse or be forfeited so long as the same shall be necessary for the operation and/or maintenance of the Series 2000 B Facilities and that it will procure the extension or renewal of each and every permit, consent, certificate, order, right, franchise, registration, license, exemption, filing, declaration, approval, authorization or privilege so expiring and necessary or desirable for the operation and/or maintenance of the Series 2000 B Facilities.

Section 8.07. Indemnity. To the fullest extent allowed by law, the County Commission will pay, and will protect, indemnify and save the Issuer harmless from and against any and all liabilities, losses, damages, costs and expenses (including attorneys fees and expenses of the Issuer), causes of actions, suits, claims, demands, actions, proceedings and judgments of any nature arising from or caused by:

(1) Any injury to or death of any person or damage of property in or upon the Series 2000 B Facilities, or growing out of or connected with the use, nonuse, condition or occupancy of the Series 2000 B Facilities or a part or portion thereof; any repairs, construction or alterations and remodeling thereto or the condition of the Series 2000 B Facilities and any equipment or facilities at any time located on the Series 2000 B Facilities or used in connection therewith;

(2) Violation of any agreement, warranty, covenant or condition hereof, except by the Issuer;

(3) Violation of any lease, contract, agreement or restriction by or upon the County Commission relating to the Series 2000 B Facilities, which shall have existed at the commencement of the Lease Term, or which shall have been consented to by the Issuer and the Authority during the Lease Term; and

(4) Violation of any law, ordinance, regulation, franchise or court order affecting the Series 2000 B Facilities or a part thereof or the ownership, occupancy or use thereof.

Section 8.08. Maintenance of Security Interests, Etc. The County Commission will execute all documents, agreements and instruments, including, without limitation, financing statements provided for by the Uniform Commercial Code of the State, deemed necessary or advisable in the opinion of Bond Counsel or counsel to the Authority for perfection of and continuance of the perfection of the liens, pledges and security interests created by this Lease or the 2000 B Ordinance. However, all obligations of the County Commission under this Section 8.08 are subject to the condition that the Issuer shall execute all documents, agreements and instruments, including without limitation all such financing statements, required of it in the opinion of Bond Counsel or counsel to the Authority, and will file and record all such documents, agreements and instruments executed by the County Commission and the Issuer, or cause them to be filed and recorded, and shall continue the security interests, pledges and liens of all such documents, agreements and instruments by appropriate refiling and re-recording as specified in the opinion of independent counsel, or cause them to be so continued, for as long as any Bonds shall remain outstanding.

Section 8.09. Granting of Easements. If no Event of Default under this Lease shall have happened and be continuing, the Issuer may, at the request of the County Commission, at any time or times (i) grant easements, licenses, rights of way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property included in the Series 2000 B Facilities, free from the lien of the Deed of Trust and Security Agreement, or (ii) release existing easements, licenses, rights of way and other rights or privileges with respect to any property included in the Series 2000 B Facilities, all with or without consideration and upon such terms and conditions as the County Commission shall determine, and the Issuer agrees that it will execute and deliver and will cause and direct the Authority to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way or other right or privilege or any such agreement or other arrangements, upon receipt by the Issuer and the Authority of: (i) a copy of the instrument of grant or release or of the agreement or other arrangement, (ii) a written application signed by an authorized officer of the entity requesting such instrument, (iii) a certificate executed by an Authorized Representative of the County Commission stating that such grant or release is not detrimental to the use of the Series

2000 B Facilities as intended, and (iv) other evidence satisfactory to the Authority that action will not materially adversely affect the value of the Series 2000 B Facilities. Any such easement or right and the rights of such other parties thereunder shall not be affected by any termination of this Lease or default on the part of the County Commission hereunder and shall be subject to the approval of the Authority. If no Event of Default shall have happened and be continuing, any payments or other consideration received by the County Commission for any such grant or with respect to or under any such agreement or other arrangement shall be and remain the property of the County Commission but, in the event of the termination of this Lease or default of the County Commission, all rights then existing of the County Commission with respect to or under such grant shall inure to the benefit of and be exercisable by the Issuer and the Authority. No conveyance or release effected under the provisions of this Section shall entitle the County Commission to any abatement or diminution of the Rent payable hereunder.

Section 8.10. Additional Tax Covenants. The County Commission hereby further covenants and agrees as follows:

A. FEDERAL GUARANTEE PROHIBITION. The County Commission shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

B. ADDITIONAL ACTION. The County Commission will take all actions that may be required of it so that the interest on the obligations issued by the Authority, the proceeds of which were used to purchase the Bonds, will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions or fail to take any actions the result of which would adversely affect such exclusion.

Section 8.11. Continued Operation of Series 2000 B Facilities. In the event the County Commission gives notice to the Issuer and the Authority of its election to exercise its option to terminate this Lease at the end of the then current Fiscal Year as provided in Section 5.01 hereof, the Issuer and the County Commission covenant and agree to use their best efforts to assign this Lease or sublease the Series 2000 B Facilities or otherwise cause the Series 2000 B Facilities to be operated or managed as a revenue-producing facility on substantially the same basis as provided in this Lease; provided, however, that no such assignment, sublease or management or operating agreement or contract shall be entered into without the prior written consent of the Authority.

ARTICLE IX

COVENANTS OF THE ISSUER

Section 9.01. Restriction on Sale, Etc. The Issuer and the County Commission acknowledge and agree that the Rent payable under this Lease is assigned to the Authority as security for the Bonds issued under the 2000 B Ordinance and that the Issuer has entered into certain covenants with the Authority in the 2000 B Ordinance which may affect the Series 2000 B Facilities and this Lease in the event of default hereunder. The Issuer agrees that it will not, except as contemplated herein and in the 2000 B Ordinance, enter into any other contract or agreement affecting this Lease, the Rent payable hereunder or the Series 2000 B Facilities in any way or assign the same as security for any other obligations of the Issuer without the prior written consent of the County Commission and the Authority.

Section 9.02. Redemption of Bonds. If the County Commission is not in default hereunder and if the moneys in the Revenue Fund are sufficient to effect such redemption, the Issuer, at the request at anytime of the County Commission and if the then outstanding Bonds are then callable as provided in the 2000 B Ordinance, shall forthwith take all steps that may be necessary under the applicable redemption provisions of the 2000 B Ordinance to effect redemption of all or part of the then outstanding Bonds, as may be specified by the County Commission, on the earliest redemption date on which such redemption may be made under such applicable provisions.

Section 9.03. Nature of Issuer's Covenants. The County Commission acknowledges and agrees that any obligation of the Issuer created by or arising out of this Lease shall be payable solely out of the proceeds derived from the Lease, the sale of the Bonds and any insurance and condemnation award received by the Issuer pursuant hereto. The foregoing limitation shall not, however, preclude the County Commission from seeking injunctive relief in any court to compel the Issuer to perform any such obligation.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES THEREFOR

Section 10.01. Events of Default Defined. The following shall be "Events of Default" under this Lease and the terms Event of Default or Default shall mean any one or more of the following events:

(A) Failure of the County Commission and/or the Issuer to perform any other covenant, condition or provision hereof and to remedy such failure within 30 days after notice thereof from the Issuer or the Authority to the County Commission or from the Authority to the Issuer, as the case may be; or

(B) If any representation or warranty made by the County Commission in any statement or certificate furnished to the Issuer or the Authority in connection with the sale of the Bonds or furnished by the County Commission pursuant hereto proves untrue in any material respect as of the date of the issuance or making thereof and shall not be made good within 30 days after notice thereof to the County Commission by the Issuer; or

(C) If the County Commission admits insolvency or bankruptcy or its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee or receiver for the County Commission, or for any part of its property; or

(D) If a trustee or receiver is appointed for the County Commission or for any part of its property and is not discharged within 60 days after such appointment; or

(E) If bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are instituted by or against the County Commission, and if instituted against the County Commission are allowed against the County Commission or are consented to or are not dismissed, stayed or otherwise nullified within 60 days after such institution; or

(F) If there shall occur an "Event of Default" under Section 9.01 of the 2000 B Ordinance.

Section 10.02. Remedies on Default. If any Event of Default shall occur and be continuing, the Issuer may, at its option and with the consent of the Authority, exercise any one or more of the following remedies:

(A) The Issuer may terminate this Lease by giving to the County Commission notice of the Issuer's intention so to do, in which event the Lease Term shall end, and all right, title and interest of the County Commission hereunder shall expire, on the date stated in such notice, which shall not be less than 10 days after the date of the notice by the Issuer of its intention so to terminate; or

(B) The Issuer may terminate the right of the County Commission to possession of the Series 2000 B Facilities or any portion thereof by giving notice to the County Commission that the County Commission's right of possession shall end on the date stated in such notice, which shall not be less than 10 days after the date of notice by the Issuer of its intention so to terminate; or

(C) The Issuer may enforce the provisions of this Lease and may enforce and protect the right of the Issuer hereunder by a suit or suits in equity or at law for the specific performance of any covenant or agreement contained herein or for the enforcement of any other appropriate legal or equitable remedy; or

(D) The Issuer may accelerate and declare all future Rent hereunder to be immediately due and payable; provided, however, that Rent payable as interest on the Bonds upon any such acceleration shall be limited to the interest due on the Bonds until payment of the Bonds and the interest thereon in full; or

(E) The Issuer may, upon written notice to the County Commission, revoke or rescind any and all rights and options of the County Commission hereunder.

Section 10.03. Right of Re-Entry. If an Event of Default shall occur, the Issuer may then or at any time thereafter re-enter and take complete and peaceful possession of the Series 2000 B Facilities or any portion thereof, with or without process of law, and may remove all persons therefrom, and the County Commission covenants that, in any such event it will peacefully and quietly yield up and surrender the Series 2000 B Facilities and any part or portion thereof to the Issuer.

Section 10.04. Right to Sublet or Relet. If the Issuer terminates the County Commission's right of possession pursuant to subparagraph (B) of Section 10.02, the Issuer may re-enter the Series 2000 B Facilities or any part or portion thereof and take possession of all or any part or portion thereof (including any and all equipment and apparatus thereon), may remove any portion of the equipment, machinery or apparatus thereon not subject to a conditional sale agreement, equipment lease, or lease purchase agreement in favor of third parties, which the Issuer elects so to do, and may sublet or relet the Series 2000 B Facilities

or any part or portion thereof from time to time for all or any part of the unexpired part of the then Lease Term or for a longer period, and the Issuer may collect the rents from such reletting or subletting and apply the same, first, to the payment of the expense of re-entry and reletting, and second, to the payment of the Rent payable hereunder and in the event that the proceeds from such reletting and subletting are not sufficient to pay in full the foregoing, the County Commission shall, subject to the County Commission's option to terminate this Lease at the end of the then current Fiscal Year pursuant to Section 5.01 hereof, remain and be liable therefor, and the County Commission promises and agrees to pay the amount of any such deficiency from time to time and the Issuer may at any time and from time to time sue and recover judgment for any such deficiency or deficiencies.

Section 10.05. RESERVED.

Section 10.06. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 10.07. Agreement to Pay Attorneys' Fees and Expenses. In the event the County Commission should default under any of the provisions of this Lease and the Issuer or the Authority should employ attorneys or incur other expenses for the collection of Rent or the enforcement of performance or observance of any obligation or agreement on the part of the County Commission herein contained, the County Commission agrees that it will on demand therefor pay to the Issuer or the Authority the reasonable fees of such attorneys and such other expenses so incurred by the Issuer or the Authority.

Section 10.08. No Additional Waiver Implied by One Waiver. In the event the breach of any agreement contained herein should be waived by either party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 10.09. Waiver of Stay or Extension Laws. The County Commission covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Lease or the 2000 B Ordinance; and the County Commission (to the extent that it may lawfully do so) hereby expressly waives all

benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Issuer or the Authority, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 10.10. Remedies to be Performed by Registered Owner. Notwithstanding any provision in this Article X to the contrary, only the Registered Owner of the Bonds shall have any right to effect any remedy hereunder. The Issuer shall cooperate fully with the Bondholders in performing or effecting any such remedy but shall not have any right to independently effect or perform the same.

ARTICLE XI

GENERAL

Section 11.01. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, return receipt requested, postage prepaid, with proper address as indicated below. The Issuer, the County Commission and the Authority may, by written notice given by each to the others, designate any address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated hereby. Until otherwise provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

ISSUER:

Putnam County Building Commission
89 Winfield Road
Winfield, West Virginia 25213
Attention: Chairman

COUNTY COMMISSION:

The County Commission of Putnam County
89 Winfield Road
Winfield, West Virginia 25213
Attention: President

COMPANY:

West Virginia - American Water Company
1600 Pennsylvania Avenue
Charleston, West Virginia 25302
Attention: President

AUTHORITY:

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

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Section 11.02. Assignment of Lease. The County Commission shall not, without the prior written consent of the Issuer and the Authority, assign this Lease or any portion hereof, subject however, to the provisions of Section 8.11 hereof and the following sentence. Simultaneously with the delivery hereof, this Lease has been assigned by the Issuer, pursuant to and by the Deed of Trust and Security Agreement, to the Authority and the County Commission consents to such assignment by the Issuer to the Authority.

Section 11.03. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Issuer and the County Commission and their respective successors and permitted assigns.

Section 11.04. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.05. Amendments, Changes and Modifications. Except as otherwise provided in this Lease and in the 2000 B Ordinance, but only with the written consent of the Authority subsequent to the issuance of the Bonds and before the 2000 B Ordinance is satisfied and discharged in accordance with its terms, this Lease may not be effectively amended, changed, modified, altered or terminated nor may any provision be waived hereunder.

Section 11.06. Survival. All covenants, representations or warranties contained herein or in any certificates delivered pursuant hereto, shall survive delivery and termination of this Lease and payment of the Bonds.

Section 11.07. Execution Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.08. Entire Lease. This Lease constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the Issuer and the County Commission with respect to the subject matter hereof.

Section 11.09. Governing Law, Choice of Venue. This Lease shall be governed and construed in accordance with the laws of the State of West Virginia without giving effect to the conflicts-of-law principles thereof. All actions brought in connection with this Lease shall be brought in the Circuit Court of Putnam County, West Virginia.

Section 11.10. Titles, Headings, Etc. The titles and headings of the articles, sections, and subdivisions of this Lease have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF, the PUTNAM COUNTY BUILDING COMMISSION and THE COUNTY COMMISSION OF PUTNAM COUNTY have caused this Lease to be executed in their respective corporate names, and have caused their corporate seals to be hereunto affixed and attested by their respective officers thereunto duly authorized, all as of the date first above written.

[SEAL]

PUTNAM COUNTY BUILDING COMMISSION

By _____
Chairman

ATTEST:

_____
Secretary

[SEAL]

THE COUNTY COMMISSION OF PUTNAM COUNTY

By _____
President

ATTEST:

_____
Clerk

The foregoing instrument was prepared by Vincent A. Collins, State Bar No. 786 of Steptoe & Johnson, Attorneys, Bank One Building, Clarksburg, West Virginia, 26301.

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CH354527.2

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO-WIT:

The foregoing instrument was acknowledged before me this 26th day of January, 2000, by ROBERT F. HATFIELD, Chairman of the PUTNAM COUNTY BUILDING COMMISSION, a public corporation and county building commission, on behalf of such public corporation and county building commission.

My commission expires: October 19, 2009.

NOTARIAL SEAL

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
CRYSTAL G. LUSK
STEPTOE & JOHNSON
P. O. BOX 1588
CHARLESTON, WV 25326-1588
My Commission Expires October 19, 2009

Crystal G. Lusk
Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO-WIT:

The foregoing instrument was acknowledged before me this 26th day of January, 2000, by JAMES H. CARUTHERS, JR., President of THE COUNTY COMMISSION OF PUTNAM COUNTY, a political subdivision of the State of West Virginia, on behalf of such political subdivision of the State of West Virginia.

My commission expires: October 19, 2009.

NOTARIAL SEAL

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
CRYSTAL G. LUSK
STEPTOE & JOHNSON
P. O. BOX 1588
CHARLESTON, WV 25326-1588
My Commission Expires October 19, 2009

Crystal G. Lusk
Notary Public

01/25/00
731000/97001

CH354527.2

EXHIBIT A - WATERLINE EXTENSIONS

See 2000 B O & M Agreement

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EXHIBIT B - REAL PROPERTY DESCRIPTION

See that Deed of Trust, Security Agreement and Fixture Filing filed in Deed of Trust Book 490, at page 193, with the Clerk of The County Commission of Putnam County.

EXHIBIT C - PERSONAL PROPERTY DESCRIPTION

All equipment, fixtures, facilities, machinery, furnishings, and other personal property, now owned and hereafter acquired, whether considered real property, personal property or fixtures, located on, or used in connection with, the real estate described in "Exhibit B - Real Property Description" attached hereto as a part hereof.

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EXHIBIT D - CONSTRUCTION OUTLINE SPECIFICATIONS

See Records of the Issuer

EXHIBIT E

Putnam County Building Commission (West Virginia)

WDA Loan (Loan Program III 2000 Series A)
2000 Series B (Governmental Lease Payments)

Lease and Debt Service Schedules

	Schedule of Monthly Lease Payments				Debt Service Schedule		
	Putnam County Building Commission				Municipal Bond Commission		
	Deposits Due to the Municipal Bond Commission				*Payments Due to the Trustee*		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
February 1, 2000		19,401.04	200.04	19,601.08			
March 1, 2000		19,401.05	200.04	19,601.09			
April 1, 2000		19,401.05	200.04	19,601.09			
May 1, 2000		19,401.05	200.04	19,601.09			
June 1, 2000		19,401.05	200.04	19,601.09		97,005.24	15,646.01
July 1, 2000	8,333.33	18,775.20	200.04	27,308.57			
August 1, 2000	8,333.33	18,775.21	200.04	27,308.58			
September 1, 2000	8,333.33	18,775.21	200.04	27,308.58			
October 1, 2000	8,333.33	18,775.21	200.04	27,308.58			
November 1, 2000	8,333.33	18,775.21	200.04	27,308.58			
December 1, 2000	8,333.33	18,775.21	200.04	27,308.58			
January 1, 2001	8,333.33	18,775.20	200.04	27,308.57		112,651.25	
February 1, 2001	8,333.33	18,775.21	200.04	27,308.58			
March 1, 2001	8,333.34	18,775.21	200.04	27,308.59			
April 1, 2001	8,333.34	18,775.21	200.04	27,308.59			
May 1, 2001	8,333.34	18,775.21	200.05	27,308.60			
June 1, 2001	8,333.34	18,775.21	200.05	27,308.60	100,000.00	112,651.25	
July 1, 2001	8,333.33	18,412.70	200.05	26,946.08			
August 1, 2001	8,333.33	18,412.71	200.05	26,946.09			
September 1, 2001	8,333.33	18,412.71	200.05	26,946.09			
October 1, 2001	8,333.33	18,412.71	200.05	26,946.09			
November 1, 2001	8,333.33	18,412.71	200.05	26,946.09			
December 1, 2001	8,333.33	18,412.71	200.05	26,946.09			
January 1, 2002	8,333.33	18,412.70	200.05	26,946.08		110,476.25	
February 1, 2002	8,333.33	18,412.71	200.05	26,946.09			
March 1, 2002	8,333.34	18,412.71	200.05	26,946.10			
April 1, 2002	8,333.34	18,412.71	200.05	26,946.10			
May 1, 2002	8,333.34	18,412.71	200.05	26,946.10			
June 1, 2002	8,333.34	18,412.71	200.05	26,946.10	100,000.00	110,476.25	
July 1, 2002	8,750.00	18,012.70	200.05	26,962.75			
August 1, 2002	8,750.00	18,012.71	200.05	26,962.76			
September 1, 2002	8,750.00	18,012.71	200.05	26,962.76			
October 1, 2002	8,750.00	18,012.71	200.05	26,962.76			
November 1, 2002	8,750.00	18,012.71	200.05	26,962.76			
December 1, 2002	8,750.00	18,012.71	200.05	26,962.76		108,076.25	
January 1, 2003	8,750.00	18,012.70	200.05	26,962.75			
February 1, 2003	8,750.00	18,012.71	200.05	26,962.76			
March 1, 2003	8,750.00	18,012.71	200.05	26,962.76			
April 1, 2003	8,750.00	18,012.71	200.05	26,962.76			
May 1, 2003	8,750.00	18,012.71	200.05	26,962.76			
June 1, 2003	8,750.00	18,012.71	200.05	26,962.76	105,000.00	108,076.25	

	Schedule of Monthly Lease Payments Putnam County Building Commission *Deposits Due to the Municipal Bond Commission*				Debt Service Schedule Municipal Bond Commission *Payments Due to the Trustee*		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2003	9,166.66	17,575.20	200.05	26,941.91			
August 1, 2003	9,166.66	17,575.21	200.05	26,941.92			
September 1, 2003	9,166.66	17,575.21	200.05	26,941.92			
October 1, 2003	9,166.66	17,575.21	200.05	26,941.92			
November 1, 2003	9,166.67	17,575.21	200.05	26,941.93			
December 1, 2003	9,166.67	17,575.21	200.05	26,941.93		105,451.25	
January 1, 2004	9,166.67	17,575.20	200.05	26,941.92			
February 1, 2004	9,166.67	17,575.21	200.05	26,941.93			
March 1, 2004	9,166.67	17,575.21	200.05	26,941.93			
April 1, 2004	9,166.67	17,575.21	200.05	26,941.93			
May 1, 2004	9,166.67	17,575.21	200.05	26,941.93			
June 1, 2004	9,166.67	17,575.21	200.05	26,941.93	110,000.00	105,451.25	
July 1, 2004	9,583.32	17,116.87	200.05	26,900.24			
August 1, 2004	9,583.32	17,116.87	200.05	26,900.24			
September 1, 2004	9,583.32	17,116.87	200.05	26,900.24			
October 1, 2004	9,583.34	17,116.88	200.05	26,900.27			
November 1, 2004	9,583.34	17,116.88	200.05	26,900.27			
December 1, 2004	9,583.34	17,116.88	200.05	26,900.27		102,701.25	
January 1, 2005	9,583.33	17,116.87	200.05	26,900.25			
February 1, 2005	9,583.33	17,116.87	200.05	26,900.25			
March 1, 2005	9,583.34	17,116.87	200.05	26,900.26			
April 1, 2005	9,583.34	17,116.88	200.05	26,900.27			
May 1, 2005	9,583.34	17,116.88	200.05	26,900.27			
June 1, 2005	9,583.34	17,116.88	200.05	26,900.27	115,000.00	102,701.25	
July 1, 2005	10,416.67	16,625.73	200.05	27,242.45			
August 1, 2005	10,416.67	16,625.73	200.05	27,242.45			
September 1, 2005	10,416.67	16,625.73	200.05	27,242.45			
October 1, 2005	10,416.67	16,625.73	200.05	27,242.45			
November 1, 2005	10,416.67	16,625.73	200.05	27,242.45			
December 1, 2005	10,416.67	16,625.73	200.05	27,242.45		99,754.38	
January 1, 2006	10,416.67	16,625.73	200.05	27,242.45			
February 1, 2006	10,416.67	16,625.73	200.05	27,242.45			
March 1, 2006	10,416.67	16,625.73	200.05	27,242.45			
April 1, 2006	10,416.67	16,625.73	200.05	27,242.45			
May 1, 2006	10,416.67	16,625.73	200.05	27,242.45			
June 1, 2006	10,416.63	16,625.73	200.05	27,242.41	125,000.00	99,754.38	
July 1, 2006	10,833.33	16,078.85	200.05	27,112.23			
August 1, 2006	10,833.33	16,078.85	200.05	27,112.23			
September 1, 2006	10,833.33	16,078.85	200.05	27,112.23			
October 1, 2006	10,833.33	16,078.86	200.05	27,112.24			
November 1, 2006	10,833.33	16,078.86	200.05	27,112.24			
December 1, 2006	10,833.33	16,078.86	200.05	27,112.24		96,473.13	
January 1, 2007	10,833.33	16,078.85	200.05	27,112.23			
February 1, 2007	10,833.33	16,078.85	200.05	27,112.23			
March 1, 2007	10,833.33	16,078.85	200.05	27,112.23			
April 1, 2007	10,833.33	16,078.86	200.05	27,112.24			
May 1, 2007	10,833.33	16,078.86	200.05	27,112.24			
June 1, 2007	10,833.37	16,078.86	200.05	27,112.28	130,000.00	96,473.13	

	Schedule of Monthly Lease Payments				Debt Service Schedule		
	Putnam County Buidling Commission				Municipal Bond Commission		
	Deposits Due to the Municipal Bond Commission				*Payments Due to the Trustee*		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2007	11,250.00	15,496.56	200.05	26,946.61			
August 1, 2007	11,250.00	15,496.56	200.05	26,946.61			
September 1, 2007	11,250.00	15,496.56	200.05	26,946.61			
October 1, 2007	11,250.00	15,496.56	200.05	26,946.61			
November 1, 2007	11,250.00	15,496.57	200.05	26,946.62			
December 1, 2007	11,250.00	15,496.57	200.05	26,946.62		92,979.38	
January 1, 2008	11,250.00	15,496.56	200.05	26,946.61			
February 1, 2008	11,250.00	15,496.56	200.05	26,946.61			
March 1, 2008	11,250.00	15,496.56	200.05	26,946.61			
April 1, 2008	11,250.00	15,496.56	200.05	26,946.61			
May 1, 2008	11,250.00	15,496.57	200.05	26,946.62			
June 1, 2008	11,250.00	15,496.57	200.05	26,946.62	135,000.00	92,979.38	
July 1, 2008	12,083.33	14,889.06	200.05	27,172.44			
August 1, 2008	12,083.33	14,889.06	200.05	27,172.44			
September 1, 2008	12,083.33	14,889.06	200.05	27,172.44			
October 1, 2008	12,083.33	14,889.06	200.05	27,172.44			
November 1, 2008	12,083.33	14,889.07	200.05	27,172.45			
December 1, 2008	12,083.33	14,889.07	200.05	27,172.45		89,334.38	
January 1, 2009	12,083.33	14,889.06	200.05	27,172.44			
February 1, 2009	12,083.33	14,889.06	200.05	27,172.44			
March 1, 2009	12,083.33	14,889.06	200.05	27,172.44			
April 1, 2009	12,083.33	14,889.06	200.05	27,172.44			
May 1, 2009	12,083.33	14,889.07	200.05	27,172.45			
June 1, 2009	12,083.37	14,889.07	200.05	27,172.49	145,000.00	89,334.38	
July 1, 2009	12,500.00	14,224.48	200.05	26,924.53			
August 1, 2009	12,500.00	14,224.48	200.05	26,924.53			
September 1, 2009	12,500.00	14,224.48	200.05	26,924.53			
October 1, 2009	12,500.00	14,224.48	200.05	26,924.53			
November 1, 2009	12,500.00	14,224.48	200.05	26,924.53			
December 1, 2009	12,500.00	14,224.48	200.05	26,924.53		85,346.88	
January 1, 2010	12,500.00	14,224.48	200.05	26,924.53			
February 1, 2010	12,500.00	14,224.48	200.05	26,924.53			
March 1, 2010	12,500.00	14,224.48	200.05	26,924.53			
April 1, 2010	12,500.00	14,224.48	200.05	26,924.53			
May 1, 2010	12,500.00	14,224.48	200.05	26,924.53			
June 1, 2010	12,500.00	14,224.48	200.05	26,924.53	150,000.00	85,346.88	
July 1, 2010	2,916.66	13,524.48	122.80	16,563.94			
August 1, 2010	2,916.66	13,524.48	122.80	16,563.94			
September 1, 2010	2,916.66	13,524.48	122.80	16,563.94			
October 1, 2010	2,916.66	13,524.48	122.80	16,563.94			
November 1, 2010	2,916.67	13,524.48	122.80	16,563.95			
December 1, 2010	2,916.67	13,524.48	122.80	16,563.95		81,146.88	
January 1, 2011	2,916.67	13,524.48	122.80	16,563.95			
February 1, 2011	2,916.67	13,524.48	122.80	16,563.95			
March 1, 2011	2,916.67	13,524.48	122.80	16,563.95			
April 1, 2011	2,916.67	13,524.48	122.80	16,563.95			
May 1, 2011	2,916.67	13,524.48	122.80	16,563.95			
June 1, 2011	2,916.67	13,524.48	122.80	16,563.95	35,000.00	81,146.88	

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	Schedule of Monthly Lease Payments				Debt Service Schedule		
	Putnam County Building Commission				Municipal Bond Commission		
	Deposits Due to the Municipal Bond Commission				*Payments Due to the Trustee*		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2011	2,916.66	13,349.48	122.80	16,388.94			
August 1, 2011	2,916.66	13,349.48	122.80	16,388.94			
September 1, 2011	2,916.66	13,349.48	122.80	16,388.94			
October 1, 2011	2,916.66	13,349.48	122.80	16,388.94			
November 1, 2011	2,916.67	13,349.48	122.80	16,388.95			
December 1, 2011	2,916.67	13,349.48	122.80	16,388.95		80,096.88	
January 1, 2012	2,916.67	13,349.48	122.80	16,388.95			
February 1, 2012	2,916.67	13,349.48	122.80	16,388.95			
March 1, 2012	2,916.67	13,349.48	122.80	16,388.95			
April 1, 2012	2,916.67	13,349.48	122.81	16,388.96			
May 1, 2012	2,916.67	13,349.48	122.81	16,388.96			
June 1, 2012	2,916.67	13,349.48	122.81	16,388.96	35,000.00	80,096.88	
July 1, 2012	3,333.33	13,174.48	122.81	16,630.62			
August 1, 2012	3,333.33	13,174.48	122.81	16,630.62			
September 1, 2012	3,333.33	13,174.48	122.81	16,630.62			
October 1, 2012	3,333.33	13,174.48	122.81	16,630.62			
November 1, 2012	3,333.33	13,174.48	122.81	16,630.62			
December 1, 2012	3,333.33	13,174.48	122.81	16,630.62		79,046.88	
January 1, 2013	3,333.33	13,174.48	122.81	16,630.62			
February 1, 2013	3,333.33	13,174.48	122.81	16,630.62			
March 1, 2013	3,333.34	13,174.48	122.81	16,630.63			
April 1, 2013	3,333.34	13,174.48	122.81	16,630.63			
May 1, 2013	3,333.34	13,174.48	122.81	16,630.63			
June 1, 2013	3,333.34	13,174.48	122.81	16,630.63	40,000.00	79,046.88	
July 1, 2013	3,333.33	12,974.48	122.81	16,430.62			
August 1, 2013	3,333.33	12,974.48	122.81	16,430.62			
September 1, 2013	3,333.33	12,974.48	122.81	16,430.62			
October 1, 2013	3,333.33	12,974.48	122.81	16,430.62			
November 1, 2013	3,333.33	12,974.48	122.81	16,430.62			
December 1, 2013	3,333.33	12,974.48	122.81	16,430.62		77,846.88	
January 1, 2014	3,333.33	12,974.48	122.81	16,430.62			
February 1, 2014	3,333.33	12,974.48	122.81	16,430.62			
March 1, 2014	3,333.34	12,974.48	122.81	16,430.63			
April 1, 2014	3,333.34	12,974.48	122.81	16,430.63			
May 1, 2014	3,333.34	12,974.48	122.81	16,430.63			
June 1, 2014	3,333.34	12,974.48	122.81	16,430.63	40,000.00	77,846.88	
July 1, 2014	3,333.33	12,774.48	122.81	16,230.62			
August 1, 2014	3,333.33	12,774.48	122.81	16,230.62			
September 1, 2014	3,333.33	12,774.48	122.81	16,230.62			
October 1, 2014	3,333.33	12,774.48	122.81	16,230.62			
November 1, 2014	3,333.33	12,774.48	122.81	16,230.62			
December 1, 2014	3,333.33	12,774.48	122.81	16,230.62		76,646.88	
January 1, 2015	3,333.33	12,774.48	122.81	16,230.62			
February 1, 2015	3,333.33	12,774.48	122.81	16,230.62			
March 1, 2015	3,333.34	12,774.48	122.81	16,230.63			
April 1, 2015	3,333.34	12,774.48	122.81	16,230.63			
May 1, 2015	3,333.34	12,774.48	122.81	16,230.63			
June 1, 2015	3,333.34	12,774.48	122.81	16,230.63	40,000.00	76,646.88	

	Schedule of Monthly Lease Payments Putnam County Building Commission *Deposits Due to the Municipal Bond Commission*				Debt Service Schedule Municipal Bond Commission *Payments Due to the Trustee*		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2015	3,750.00	12,574.48	122.81	16,447.29			
August 1, 2015	3,750.00	12,574.48	122.81	16,447.29			
September 1, 2015	3,750.00	12,574.48	122.81	16,447.29			
October 1, 2015	3,750.00	12,574.48	122.81	16,447.29			
November 1, 2015	3,750.00	12,574.48	122.81	16,447.29			
December 1, 2015	3,750.00	12,574.48	122.81	16,447.29		75,446.88	
January 1, 2016	3,750.00	12,574.48	122.81	16,447.29			
February 1, 2016	3,750.00	12,574.48	122.81	16,447.29			
March 1, 2016	3,750.00	12,574.48	122.81	16,447.29			
April 1, 2016	3,750.00	12,574.48	122.81	16,447.29			
May 1, 2016	3,750.00	12,574.48	122.81	16,447.29			
June 1, 2016	3,750.00	12,574.48	122.81	16,447.29	45,000.00	75,446.88	
July 1, 2016	4,166.66	12,340.10	122.81	16,629.57			
August 1, 2016	4,166.66	12,340.10	122.81	16,629.57			
September 1, 2016	4,166.66	12,340.10	122.81	16,629.57			
October 1, 2016	4,166.66	12,340.11	122.81	16,629.58			
November 1, 2016	4,166.67	12,340.11	122.81	16,629.59			
December 1, 2016	4,166.67	12,340.11	122.81	16,629.59		74,040.63	
January 1, 2017	4,166.67	12,340.10	122.81	16,629.58			
February 1, 2017	4,166.67	12,340.10	122.81	16,629.58			
March 1, 2017	4,166.67	12,340.10	122.81	16,629.58			
April 1, 2017	4,166.67	12,340.11	122.81	16,629.59			
May 1, 2017	4,166.67	12,340.11	122.81	16,629.59			
June 1, 2017	4,166.67	12,340.11	122.81	16,629.59	50,000.00	74,040.63	
July 1, 2017	4,166.66	12,079.68	122.81	16,369.15			
August 1, 2017	4,166.66	12,079.69	122.81	16,369.16			
September 1, 2017	4,166.66	12,079.69	122.81	16,369.16			
October 1, 2017	4,166.66	12,079.69	122.81	16,369.16			
November 1, 2017	4,166.67	12,079.69	122.81	16,369.17			
December 1, 2017	4,166.67	12,079.69	122.81	16,369.17		72,478.13	
January 1, 2018	4,166.67	12,079.68	122.81	16,369.16			
February 1, 2018	4,166.67	12,079.69	122.81	16,369.17			
March 1, 2018	4,166.67	12,079.69	122.81	16,369.17			
April 1, 2018	4,166.67	12,079.69	122.81	16,369.17			
May 1, 2018	4,166.67	12,079.69	122.81	16,369.17			
June 1, 2018	4,166.67	12,079.69	122.81	16,369.17	50,000.00	72,478.13	
July 1, 2018	4,583.33	11,819.27	122.81	16,525.41			
August 1, 2018	4,583.33	11,819.27	122.81	16,525.41			
September 1, 2018	4,583.33	11,819.27	122.81	16,525.41			
October 1, 2018	4,583.33	11,819.27	122.81	16,525.41			
November 1, 2018	4,583.33	11,819.27	122.81	16,525.41			
December 1, 2018	4,583.33	11,819.28	122.81	16,525.42		70,915.63	
January 1, 2019	4,583.33	11,819.27	122.81	16,525.41			
February 1, 2019	4,583.33	11,819.27	122.81	16,525.41			
March 1, 2019	4,583.34	11,819.27	122.81	16,525.42			
April 1, 2019	4,583.34	11,819.27	122.81	16,525.42			
May 1, 2019	4,583.34	11,819.27	122.81	16,525.42			
June 1, 2019	4,583.34	11,819.28	122.81	16,525.43	55,000.00	70,915.63	

	Schedule of Monthly Lease Payments Putnam County Buidling Commission *Deposits Due to the Municipal Bond Commission*				Debt Service Schedule Municipal Bond Commission *Payments Due to the Trustee*		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2019	5,000.00	11,532.81	122.81	16,655.62			
August 1, 2019	5,000.00	11,532.81	122.81	16,655.62			
September 1, 2019	5,000.00	11,532.81	122.81	16,655.62			
October 1, 2019	5,000.00	11,532.81	122.81	16,655.62			
November 1, 2019	5,000.00	11,532.82	122.81	16,655.63			
December 1, 2019	5,000.00	11,532.82	122.81	16,655.63		69,196.88	
January 1, 2020	5,000.00	11,532.81	122.81	16,655.62			
February 1, 2020	5,000.00	11,532.81	122.81	16,655.62			
March 1, 2020	5,000.00	11,532.81	122.81	16,655.62			
April 1, 2020	5,000.00	11,532.81	122.81	16,655.62			
May 1, 2020	5,000.00	11,532.82	122.81	16,655.63			
June 1, 2020	5,000.00	11,532.82	122.81	16,655.63	60,000.00	69,196.88	
July 1, 2020	5,000.00	11,220.31	122.81	16,343.12			
August 1, 2020	5,000.00	11,220.31	122.81	16,343.12			
September 1, 2020	5,000.00	11,220.31	122.81	16,343.12			
October 1, 2020	5,000.00	11,220.31	122.81	16,343.12			
November 1, 2020	5,000.00	11,220.32	122.81	16,343.13			
December 1, 2020	5,000.00	11,220.32	122.81	16,343.13		67,321.88	
January 1, 2021	5,000.00	11,220.31	122.81	16,343.12			
February 1, 2021	5,000.00	11,220.31	122.81	16,343.12			
March 1, 2021	5,000.00	11,220.31	122.81	16,343.12			
April 1, 2021	5,000.00	11,220.31	122.81	16,343.12			
May 1, 2021	5,000.00	11,220.32	122.81	16,343.13			
June 1, 2021	5,000.00	11,220.32	122.81	16,343.13	60,000.00	67,321.88	
July 1, 2021	5,416.66	10,914.06	122.81	16,453.53			
August 1, 2021	5,416.66	10,914.06	122.81	16,453.53			
September 1, 2021	5,416.66	10,914.06	122.81	16,453.53			
October 1, 2021	5,416.66	10,914.06	122.81	16,453.53			
November 1, 2021	5,416.67	10,914.07	122.81	16,453.55			
December 1, 2021	5,416.67	10,914.07	122.81	16,453.55		65,484.38	
January 1, 2022	5,416.67	10,914.06	122.81	16,453.54			
February 1, 2022	5,416.67	10,914.06	122.81	16,453.54			
March 1, 2022	5,416.67	10,914.06	122.81	16,453.54			
April 1, 2022	5,416.67	10,914.06	122.81	16,453.54			
May 1, 2022	5,416.67	10,914.07	122.81	16,453.55			
June 1, 2022	5,416.67	10,914.07	122.81	16,453.55	65,000.00	65,484.38	
July 1, 2022	5,833.33	10,582.29	122.81	16,538.43			
August 1, 2022	5,833.33	10,582.29	122.81	16,538.43			
September 1, 2022	5,833.33	10,582.29	122.81	16,538.43			
October 1, 2022	5,833.33	10,582.29	122.81	16,538.43			
November 1, 2022	5,833.33	10,582.29	122.81	16,538.43			
December 1, 2022	5,833.33	10,582.30	122.81	16,538.44		63,493.75	
January 1, 2023	5,833.33	10,582.29	122.81	16,538.43			
February 1, 2023	5,833.33	10,582.29	122.81	16,538.43			
March 1, 2023	5,833.34	10,582.29	122.81	16,538.44			
April 1, 2023	5,833.34	10,582.29	122.81	16,538.44			
May 1, 2023	5,833.34	10,582.29	122.81	16,538.44			
June 1, 2023	5,833.34	10,582.30	122.81	16,538.45	70,000.00	63,493.75	

A DEED OF TRUST, SECURITY AGREEMENT
AND FIXTURE FILING

"THIS INSTRUMENT CONTAINS AFTER ACQUIRED PROPERTY PROVISIONS"

"THIS DEED OF TRUST IS FILED FOR RECORD IN THE REAL ESTATE RECORDS AS A FIXTURE FILING PURSUANT TO WEST VIRGINIA CODE SECTION 46-9-402"

Return to: Franklin L. Gritt, Jr.
19 Valley Street
Winfield, WV 25213

THIS DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING (the "Deed of Trust"), made as of January 27, 2000, by and among THE PUTNAM COUNTY BUILDING COMMISSION, a public corporation and county building commission (hereinafter called "Grantor"), whose address is 89 Winfield Road, Winfield, West Virginia, 25213, Attention: Chairman, party of the first part, DANIEL B. YONKOSKY and BARBARA B. MEADOWS, whose addresses are set forth below, (hereinafter collectively called the "Trustee"), party of the second part, and the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia, as beneficiary (hereinafter called "Beneficiary"), whose address is 180 Association Drive, Charleston, West Virginia 25311, Attention: Director, party of the third part.

WITNESSETH: That for and in consideration of the indebtedness, obligations and trusts hereinafter set forth and the sum of Ten Dollars ($10.00), cash in hand paid, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor does hereby grant and convey unto Trustee and, other than the Premises, as hereinafter defined, to the Beneficiary:

(A) All that certain real estate more particularly set forth and described in "SCHEDULE A - REAL ESTATE," attached hereto and made a part hereof, together with all rights, privileges, easements, hereditaments and appurtenances thereunto belonging or appertaining (the "Premises");

(B) All right, title and interest of the Grantor in and to all buildings, structures and improvements of every kind or character now or at any time hereafter erected, constructed or placed upon the Premises or any part thereof (the "Improvements"), and all fixtures attached to or contained in and used in connection with the Premises, including, but not limited to, all lighting, heating, ventilating, air conditioning, plumbing, water and power systems, equipment and apparatus, engines and machinery, boilers, furnaces, gas, electrical or electronic equipment, furniture, furnishings, carpeting and appliances, equipment, inventory (the "Fixtures"), and all other tangible personal property

of every kind and character whatsoever, used in connection with or otherwise appertaining to the Premises, including all equipment and items now or hereafter affixed or attached to said buildings, structures or improvements or as shall now or hereafter be used or procured in connection with the use, occupancy, operation or maintenance of said buildings, improvements and structures and/or the Premises (the "Equipment"), together with any and all substitutions or replacements thereof;

(C) All right, title and interest of the Grantor, as lessee or sublessee, in and to any and all leases and subleases of equipment, furniture, personal property and facilities located on or used in connection with the Premises, now existing or hereafter executed by the Grantor (the "Leasehold Estates");

(D) All right, title and interest of the Grantor in and to all income, rents, revenues, security and other deposits, issues, profits, earnings, products and proceeds from any and all of the Premises, Improvements, Fixtures, Equipment and/or Leasehold Estates (all of the foregoing being collectively referred to as the "Rents, Issues and Profits"), together with the right to collect and apply the same to any indebtedness secured hereunder but subject, however, to the right of the Grantor to collect the Rents, Issues and Profits as long as Grantor is not in default hereunder. The foregoing assignment shall be fully operative without any further action on the part of any party hereto. The Beneficiary shall be entitled, at its option upon the occurrence of an Event of Default, as hereinafter defined, to all Rents, Issues and Profits from the Premises, Improvements, Fixtures, Equipment and/or Leasehold Estate whether or not Beneficiary takes possession of the Premises. Upon the occurrence of an Event of Default, the permission hereby given to the Grantor to collect such Rents, Issues and Profits shall terminate, and such permission shall not be reinstated, upon a cure of the default without Beneficiary's specific consent. Neither the exercise of any rights under this paragraph by the Beneficiary nor the application of any such Rents, Issues and Profits, to the Secured Debt, as hereinafter defined, shall cure or waive any Event of Default or notice of any Event of Default hereunder or invalidate any act done pursuant hereto or to any such notice, but shall be cumulative of all other rights and remedies.

The foregoing provisions hereof shall constitute an absolute and present assignment of the rents, income and other benefits from the property described in the granting clauses above, subject, however, to the conditional permission given to the Grantor to collect and use such rents, income and other benefits as hereinabove provided; and the existence or exercise of such right of the Grantor shall not operate to subordinate this assignment to any subsequent assignment, in whole or in part, by the Grantor, and any such subsequent assignment by the Grantor shall be subject to the rights of Beneficiary hereunder; and

(E) All proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, but not limited to (i) all proceeds of insurance or condemnation awards or other guaranties or warranties which Grantor now has or may hereafter acquire with respect to the Premises, Improvements, Fixtures, Equipment

and Leasehold Estates and/or the Rents, Issues and Profits and all proceeds of any sales or other dispositions of the property comprising any part thereof; and Beneficiary is hereby authorized to collect and receive said awards and proceeds and to give proper receipts and acquittances therefor, and (if it so elects) to apply the same toward the payment of the indebtedness and other sums secured hereby, notwithstanding the fact that the amount owing thereon may not then be due and payable; (ii) all contract rights, general intangibles, actions and rights in action, including without limitation all rights to insurance proceeds and unearned premiums arising from or relating to the Premises, Improvements, Fixtures, Equipment and Leasehold Estates above; and (iii) all proceeds, products, replacements, additions, substitutions, renewals and accessions of and to the Premises, Improvements, Fixtures, Equipment and Leasehold Estates.

All of the foregoing are sometimes hereinafter collectively referred to as the "Secured Property" and shall secure the indebtedness described hereinbelow.

TO HAVE AND TO HOLD the Secured Property unto the Trustee or the Beneficiary, or both, as the case may be, and their successors in trust forever; and Grantor does hereby covenant to and with Trustee and Beneficiary, their successors and assigns, that Grantor will warrant specially the Secured Property hereby conveyed; that Grantor has the right to grant and convey the Secured Property to Trustee or the Beneficiary, or both, as the case may be; that the same is free from any and all liens and encumbrances other than Permitted Encumbrances as defined in the Ordinance of the Grantor enacted January 5, 2000, (the "Ordinance"); that Trustee shall have quiet possession thereof and that Grantor will execute and deliver such other and further assurances of the Secured Property as may be requisite, including, but not limited to, the execution and delivery of financing statements, continuation statements and such other instruments as Beneficiary may require to impose the lien and security interest hereof more specifically upon any item or items of property, or rights or interests therein, covered by this Deed of Trust, and will do such other and further reasonable acts as Beneficiary or Trustee may require to carry out more effectually the purposes of this Deed of Trust.

IN TRUST NEVERTHELESS to secure the payment of the Waterworks Lease Revenue Bond, Series 2000 B (West Virginia Water Development Authority) of Grantor, of even date herewith, purchased by Beneficiary, in the original principal amount of $3,800,000 (the "Bond"), which sum is the amount secured by this Deed of Trust, as provided under the terms of a Loan Agreement by and between the Grantor and the Beneficiary, of even date herewith (the "Loan Agreement"). The address of said Beneficiary, the beneficial owner of the indebtedness secured hereby at the time of execution and delivery hereof, is the West Virginia Water Development Authority, a governmental instrumentality and body corporate of the State of West Virginia, whose address is 180 Associate Drive, Charleston, West Virginia, 25311, Attention: Director. This Deed of Trust also secures any and all replacements, extensions, modifications and/or renewals of said Bond, or any part thereof, however changed in form, manner or amount, and all other indebtedness of Grantor to

Beneficiary or Trustee or otherwise, at any time and from time to time arising hereunder or under the Loan Agreement, and any and all replacements, extensions, modifications and/or renewals of such other indebtedness (all of which indebtedness, together with the interest thereon, is sometimes hereinafter collectively referred to as the "Secured Debt"). The Secured Debt matures on June 1, 2039.

ALL NOTICES OF LIENS OR CLAIMS PURSUANT TO WEST VIRGINIA CODE §38-1-14(b) AGAINST THE SECURED PROPERTY COVERED HEREBY SHALL BE SENT TO THE BENEFICIARY, AS PRIMARY LIENHOLDER, AT THE ADDRESS SET FORTH IN PARAGRAPH 12 HEREOF.

Grantor, for and in the consideration aforesaid, covenants, represents, warrants and agrees as follows:

1. That it will, so long as the Secured Debt, or any part thereof, remains unpaid: (a) pay as and when due and payable all taxes, assessments, impositions and other governmental charges, fines and fees that may be levied or assessed against the Secured Property or any part thereof, including the buildings and improvements now situate on the Premises, or that may hereafter be erected thereon, and any improvements and additions made therein or thereto from time to time, all as provided in the Loan Agreement and subject to the terms thereof; (b) have and keep the buildings and improvements now situate on the Premises or that may hereafter be erected thereon, and all other insurable property covered by this Deed of Trust, constantly insured against loss or damage by fire and such other casualties, contingencies and hazards as set forth in the Loan Agreement and subject to the terms thereof; (c) keep and maintain the Secured Property in good condition and repair and not abandon the same, or any part thereof, as provided in the Loan Agreement and subject to the terms thereof, nor commit or permit the commission of waste on or in the Secured Property, or any part thereof, or permit any building or improvement to be removed, destroyed, demolished or structurally altered in whole or in part except as permitted by the Loan Agreement, and Grantor shall comply with all leases and subleases of any part of the Secured Property, including, without limitation, the payment of all leasehold payments thereunder, and shall, as provided in the Loan Agreement and subject to the terms thereof, comply, and cause all occupants of the Secured Property or those in possession thereof to comply, with all laws, ordinances, orders, rules, regulations and requirements relating to the use or maintenance of the Secured Property and with all requirements, directions and orders and notices of violations thereof issued by any governmental agency, body or officer; (d) permit Trustee or Beneficiary, or either of them, or their agents, to enter and inspect the Secured Property at all reasonable times; (e) pay to Trustee, or to Beneficiary, upon demand, any and all sums of money, including all costs, expenses and reasonable attorneys' fees, which Trustee or Beneficiary, or any of them, may incur or expend in any action or proceeding that may concern the Secured Property, or any part thereof or interest therein, including without limitation any eminent domain proceeding, or any action or proceeding to sustain the lien of this Deed of Trust, or its priority, or in defending any party thereto, or any

party secured hereby, against the liens, demands or claims of title of any person, firm or corporation, asserting priority over this Deed of Trust, or asserting title adverse to the title under which Trustee holds, or in the discharge of any such liens, demands or claims, or in connection with any action to foreclose this Deed of Trust, or to recover any indebtedness secured hereby or any other payments made on behalf of the Grantor pursuant to the Loan Agreement.

2. The terms "hazardous waste," "hazardous substance," "disposal," "release," and "threatened release," as used in this Deed of Trust, shall have the same meanings as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act. 42 U.S.C. Section 6901, et seq., or other applicable state or Federal laws, rules, or regulations adopted pursuant to any of the foregoing. The terms "hazardous waste" and "hazardous substance" shall also include, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos. Grantor represents, covenants, and warrants to Beneficiary that: (a) During the period of Grantor's ownership of the Secured Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any hazardous waste or substance by any person on, under, about or from the property; (b) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Beneficiary in writing, (i) any use, generation, manufacture, storage, treatment, disposal, release, or threatened release of any hazardous waste or substance on, under, about or from the Secured Property by any prior owners or occupants of the Secured Property or (ii) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (c) Except as previously disclosed to and acknowledged by Beneficiary in writing, (i) neither Grantor nor any tenant, contractor, agent or other authorized user of the Secured Property shall use, generate, manufacture, store, treat, dispose of, or release any hazardous waste or substance on, under, about or from the Secured Property and (ii) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation those laws, regulations, and ordinances described above. Grantor authorizes Beneficiary and its agents to enter upon the Secured Property to make such inspections and tests, at Grantor's expense, as Beneficiary may deem appropriate to determine compliance of the Secured Property with this Section of the Deed of Trust. Any inspections or tests made by Beneficiary shall be for Beneficiary's purposes only and shall not be construed to create any responsibility or liability on the part of Beneficiary to Grantor or to any other person. The representations, covenants, and warranties contained herein are based on Grantor's due diligence in investigating the Secured Property for hazardous waste and hazardous substances. Grantor hereby (a) releases and waives any future claims against Beneficiary and Trustee for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws, and (b) agrees to indemnify and hold harmless Beneficiary and Trustee against any and all claims, losses, liabilities, damages, penalties, and

expenses which Beneficiary or Trustee may directly or indirectly sustain or suffer resulting from a breach of this Section of this Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Secured Property, whether or not the same was or should have been known to Grantor.

The Secured Property, or some substratum of the Secured Property, does not contain an underground storage tank or tanks. To the extent that there may be some obligation under state or federal law imposed upon the Beneficiary or the Trustee with respect to any such underground storage tank, the Grantor warrants that such tank or tanks, and all lines and connections thereto have been property inspected and tested, and all such tanks, lines and connections are tight such that there is no leakage therefrom. Grantor hereby (a) releases and waives any future claims against Beneficiary and Trustee for indemnity or contribution in the event Grantor becomes liable for clean-up or other costs associated with such tanks, lines and connections, and (b) agrees to indemnify and hold harmless Beneficiary and Trustee against any and all claims, losses, liabilities, damages, penalties, and expenses which Beneficiary or Trustee may directly or indirectly sustain or suffer resulting from a breach of this Section of this Deed of Trust or as a consequence of any use, storage, disposal, release or threatened release from such tanks, lines and connections, whether or not the same was or should have been known to Grantor.

The provisions of this Section of this Deed of Trust, including the obligations to indemnify and hold harmless, shall survive the payment of the Secured Debt and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Beneficiary's acquisition of any interest in the property, whether by foreclosure or otherwise.

3. The Bond secured by this Deed of Trust is in the principal amount of $3,800,000, plus interest thereon, and is purchased by the Beneficiary pursuant to the terms of the Loan Agreement, the proceeds of which are being used by Grantor pursuant to the terms of the Loan Agreement for the purposes of financing the acquisition, construction and equipping of new waterworks facilities, together with all appurtenant facilities, in Putnam County, West Virginia (the "Project"). The Loan Agreement is hereby incorporated into and made a part of this Deed of Trust as if set forth in full herein.

4. In the event Grantor fails (a) to make any payment required, or fails to comply with, perform or carry out any of the provisions of paragraphs 1 or 2 hereof, or (b) to perform any of the terms, covenants or agreements by Grantor to be performed under the Loan Agreement or is otherwise in default under the Loan Agreement, then, and in any such event, Beneficiary shall have the right, without notice to or demand upon Grantor or any other person, to make any such payment, take any such action or do any such thing as, in the exercise of Beneficiary's discretion, may be determined to be reasonably necessary to protect the lien and security hereof as fully and completely as if Grantor made each and every such payment when due, and kept, complied with, performed and carried out the provisions of said

paragraphs 1 and 2. Without limiting the generality of the foregoing, Beneficiary may, in any such event, (i) obtain the required insurance covering the Secured Property and pay the premiums thereon or pay any unpaid premiums on any insurance procured by Grantor; (ii) pay said taxes, assessments, impositions and other governmental charges, fines and fees together with any penalties and interest accrued thereon, and redeem the Secured Property from a tax sale if it has been sold, and shall be subrogated to the lien of the governmental body to which such payment was made; (iii) make and pay for any and all repairs which Beneficiary deems necessary to place or keep the Secured Property in good condition and repair; (iv) stop or mitigate waste on or in the Secured Property or any part thereof; (v) stop or prevent the removal, destruction, demolition or structural alteration of any building or improvement on the Secured Property; (vi) stop or prevent the violation of any law, ordinance, rule or regulation relating to the use or maintenance of the Secured Property or of any requirement, direction or order or notice of violation thereof issued by any governmental agency, body or officer; (vii) pay all or any part of any sum or sums of money that may be due or payable under the provisions of subparagraph (e) of paragraph 1 hereof; and (viii) pay all or any part of the leasehold payments due and payable under any leases or subleases of any of the Secured Property; and Grantor hereby promises to pay to Beneficiary, or to Trustee, as the case may be, upon demand, any and all sums of money paid out or expended by them, or any of them, for any of the purposes set out in this paragraph 4, together with interest thereon from the date of payment at the highest rate provided in the Loan Agreement, and agrees that any sum or sums of money so paid by Beneficiary or by Trustee, or any of them, shall thereupon be and become a part of the Secured Debt, including those moneys expended on behalf of the Grantor pursuant to the Loan Agreement, and shall be collectible as such, all without waiver of any right arising from the breach of or default in the performance of any warranty, covenant, condition, provision or agreement herein contained or contained in the Loan Agreement, including, without limitation, the right to enter and take possession of the Secured Property, and rent and manage the same, and the right to foreclose this Deed of Trust; but nothing herein contained shall be construed as imposing any duty or obligation upon Beneficiary, or upon Trustee, to pay any such sum or sums of money herein authorized to be paid, or to take any other action authorized hereunder.

5. Upon the occurrence of an Event of Default as defined in the Loan Agreement or default by Grantor in any of its covenants hereunder (hereinafter collectively called an "Event of Default"), the Secured Debt shall at the option of Beneficiary immediately become due and payable without notice to or demand on Grantor or any other person.

6. If any one or more Events of Default shall occur and be continuing, any one or more of the following rights and remedies shall exist, any two or more of which may be exercised concurrently:

(A) Without notice to or demand on Grantor or any other person, Trustee or Beneficiary may forthwith, separately or

jointly: (i) enter into and upon all of the Secured Property, or any part or portion thereof, either in person or by agent, and take possession of the Secured Property, or any part or portion thereof, without process of law, and without liability to Grantor or other owner or owners of the Secured Property, and manage and rent the same, collect and receive the rents, issues and profits thereof (past due, due or to become due) and apply the same to the payment of the Secured Debt, after first deducting the costs and expenses incurred in managing the Secured Property and in collecting said rents, issues and profits (including reasonable compensation for managing the same and collecting and disbursing said rents, issues and profits accruing therefrom), and after deducting such further amount or amounts as may be necessary to pay or reimburse the Beneficiary and Trustee for any sum or sums of money paid by them, or any of them, under the provisions hereof, together with interest at the highest rate provided in the Loan Agreement to the date of payment; or (ii) have a receiver appointed by any court having jurisdiction to take charge of the Secured Property, or any part or portion thereof, and collect, receive and apply the rents, issues and profits thereof. In either case, any person or persons in possession of the Secured Property, or any part or portion thereof, shall be deemed a tenant at will and shall at once surrender such possession on demand of Beneficiary or Trustee or a receiver. It is understood and agreed by and between the parties hereto that nothing herein contained shall be construed as a substitute for, or in derogation of, the right to foreclose this Deed of Trust or as imposing any duty or obligation upon Beneficiary or upon Trustee, or any of them, to take charge of the Secured Property, or any part or portion thereof, to collect said rents, issues or profit or to have a receiver appointed for such purposes.

(B) Without notice to or demand on Grantor or any other person, Beneficiary may at its option declare the Secured Debt to be immediately due and payable and upon the exercise of said option the Secured Debt may be collected by proper action, foreclosure of this Deed of Trust, or any other legal or equitable proceeding.

(C) At any time after the exercise by Beneficiary of the option to declare the Secured Debt to be immediately due and payable, Trustee, upon the written request of Beneficiary, shall foreclose upon and sell the Secured Property, or any part or

portion thereof, at one or more successive sales, as an entirety or otherwise, both as the Trustee may deem expedient, to satisfy the Secured Debt at public auction or auctions at the front door of the courthouse of the county in which the Secured Property is situate, for cash in hand on the day of sale. The Trustee shall publish a Notice of Trustee's Sale once a week for two (2) successive weeks in a newspaper of general circulation whose publication area shall be or include the county or counties where the Secured Property is located, or by such other public advertisement as may be prescribed by applicable law. A copy of the Notice of Trustee's Sale shall be served on the Grantor, or his agent or personal representative, by certified mail, return receipt requested, addressed in accordance with the provisions of Section 4.5 hereof. Notice of such sale shall be deemed complete when such Notice of Trustee's Sale is sent to the Grantor in the aforesaid manner, notwithstanding the fact that such mail or courier package may be returned as refused or undeliverable. A copy of such Notice of Trustee's Sale shall be served by certified mail, at least twenty (20) days prior to the sale, upon any subordinate lien holder who has previously notified Beneficiary by certified mail of the existence of a subordinate lien. Notice to a subordinate lienholder shall be complete when such Notice is mailed in accordance with the provisions of this paragraph, directed to the address of the subordinate lienholder as provided by such subordinate lienholder in the notice of existence of a subordinate lien.

The Trustee, without demand on Grantor, shall sell the Secured Property at the time and place and under the terms designated in the Notice of Trustee's Sale. The Trustee may sell the Secured Property, real and personal, at any place within any county in which any of the Secured Property is located, in one or more parcels or lots and in such order as the Trustee may determine. The sale of the Secured Property shall be by public auction, to the highest bidder, for cash, or upon such other lawful terms as the Beneficiary may designate. The sale of the Secured Property may be at the same time of or otherwise in conjunction with a sale of any other real or personal property serving as collateral for the indebtedness secured hereby or any other debts or obligations owed by the Grantor or others to the Beneficiary or to other creditors, all of which may be sold in one or more parcels or lots and in such order as the Trustee may determine. The Trustee may employ such surveyors, engineers, appraisers,

auctioneers, attorneys, and other persons as he may reasonably determine are necessary or desirable to assist the Trustee in execution of this trust. Trustee may postpone sale of all or any lot or parcel of the Secured Property by public announcement at the time and place of any previously scheduled sale or at the time and place of any adjourned sale. Beneficiary or Beneficiary's designee shall be entitled to bid on all or any portion of the Secured Property and to purchase all or any portion of the Secured Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Secured Property so sold with covenants of specialty warranty. The recitals in the Trustee's deed shall be prima facie evidence of the statements therein. The Trustee shall apply the proceeds of the sale in the following order: (a) to all costs and expenses of the sale, including, but not limited to, a reasonable Trustee's fee not to exceed five percent (5%) of the gross proceeds of sale, the Trustee's expenses, and reasonable attorneys' fees and expenses; (b) cost of title evidence; (c) to the payment of the indebtedness secured hereby; and (d) the excess, if any, to any subordinate lienholders in their order of priority, including the Beneficiary, and then to the Grantor or any successors or assigns of Grantor as their interests may appear. Within two months after a sale is made, the Trustee shall file a Report of Trustee's Sale Under Deed of Trust, containing an inventory of the property sold and on account of the sale as well as such other matters as the Trustee may deem appropriate, in all offices in which this Deed of Trust is recorded. The recitals in the Trustee's report shall be prima facie evidence of the statements therein.

(D) In addition to the rights, remedies and powers hereinabove set forth, Beneficiary and Trustee shall have as to the Secured Property and any and all other fixtures and personal property covered by this Deed of Trust, all rights, remedies and powers of a secured party under the Uniform Commercial Code of West Virginia, as the same may now be in effect or hereafter amended (the "Code").

7. As to any of such property as is personal property or fixtures subject to the Code, this instrument shall constitute a security agreement, and the Grantor does hereby grant a security interest therein to Beneficiary. This instrument is to be filed for record in

the real estate records of Putnam County, West Virginia, so as to serve as a fixture filing pursuant to Code § 46-9-402.

Notwithstanding the release of any property that is deemed real property or any proceedings to have released this Deed of Trust or its satisfaction of record, the terms hereof shall survive as a security agreement with respect to the security interest created hereby until the repayment or satisfaction in full of the obligation of Grantor under the Loan Agreement. Nothing herein shall preclude Beneficiary or Trustee from proceeding as to both real and personal property in accordance with the Beneficiary's or Trustee's rights and remedies in respect of property as provided in Article 9 of the Code.

8. Grantor hereby waives personal service of notice of any sale made hereunder, but not any notice by mailing as prescribed in paragraph 5(C) hereof, upon it, its successors or assigns, and also waives the posting of notice of sale at the courthouse, and agrees that any sale made hereunder may be adjourned from time to time without notice other than oral proclamation of such adjournment at the time and place of sale, or at the time and place of any adjourned sale. The Grantor does hereby, to the full extent permitted by applicable law, waive any right to require the Trustee and/or the Beneficiary to post a bond or any like security in connection with the performance of the Trustee's duties pursuant to the terms of this instrument.

9. In the event that foreclosure proceedings are instituted hereunder but are not completed, Trustee shall be reimbursed for all costs and expenses incurred by them in commencing such proceedings and, in addition, shall be entitled to, and paid, as a commission, reasonable compensation therefor; and all costs and expenses so incurred by Trustee, and such commission, together with interest thereon until paid at the highest rate of interest provided in the Loan Agreement, shall be payable by Grantor on demand, and shall be and become a part of the Secured Debt and shall be collectible as such.

10. Trustee, or either of them, or the successors or survivors thereof, may act in the execution of this trust, and in the event any Trustee shall act alone, the authority and power of the Trustee so acting shall be as full and complete as if the powers and authority granted to any Trustees herein jointly had been granted to such Trustee alone; and the Trustee, or any successor trustee, is hereby authorized to act by agent or attorney in the execution of this trust and need not be present in person at any foreclosure sale.

11. It is hereby expressly covenanted and agreed by all parties hereto that Beneficiary may, at any time and from time to time hereafter, without notice and with or without cause, appoint and substitute another Trustee or Trustees, corporations or persons, in place of the Trustee or Trustees herein named to execute the trust herein created. Upon such appointment, either with or without a conveyance to said substituted Trustee or Trustees by the Trustee herein named, or by any substituted Trustee in case the said right of appointment is exercised more than once, the new and substituted Trustee or Trustees in each

instance shall be vested with all the rights, titles, interests, powers, duties and trusts in the premises which are vested in and conferred upon the Trustees herein named; and such new and substituted Trustee or Trustees shall be considered the successors and assigns of the Trustees who are named herein within the meaning of this instrument, and substituted in their place and stead. Each such appointment and substitution shall be evidenced by an instrument in writing which shall recite the parties to, and the book and page of record of, this Deed of Trust, and the description of the Premises, which instrument, executed and acknowledged by Beneficiary and recorded in the office of the Clerk of The County Commission of Putnam County, West Virginia, shall be conclusive proof of the proper substitution and appointment of such successor Trustee or Trustees, and notice of such proper substitution and appointment to all parties in interest.

12. Any notice required or permitted to be given under this Deed of Trust shall, except to the extent expressly otherwise required or provided herein and except as otherwise required by applicable law, be effective upon the deposit of such notice, in writing, in the regular United States mail, certified, return receipt requested, postage paid, addressed to the party or parties to receive such notice at the following addresses or at such other address as any such party may give the other parties in the manner for giving notice herein prescribed:

TO GRANTOR:

Putnam County Building Commission
89 Winfield Road
Winfield, West Virginia 25213
Attention: Chairman

TO BENEFICIARY:

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

Copy to:

Samme L. Gee, Esquire
Jackson & Kelly
1600 Laidley Tower
Post Office Box 553
Charleston, West Virginia 25322

TO TRUSTEE:

Daniel B. Yonkosky, Director
West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311

and

Barbara B. Meadows
West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311

The address of the Beneficiary set forth above shall be the address to which notice of the existence of a subordinate lien shall be mailed to the primary lienholder as hereinbefore set forth.

13. All rights and remedies herein contained shall be cumulative and not exclusive. No failure or delay of Beneficiary or Trustee to exercise any option, right or power herein contained shall constitute a waiver of any right, power or privilege herein given or granted to Beneficiary or Trustee, or an acquiescence therein, and a waiver by Beneficiary or Trustee of the right to exercise any option, right or power as to any breach or default shall not constitute a waiver of the right to exercise the same option, right or power, or any other option, right or power herein contained, as to another or any continuing or subsequent breach or default.

Neither Grantor nor any other person now or hereafter obligated for payment of all or any part of the sums now or hereafter secured by this Deed of Trust shall be relieved of such obligation by reason of the failure of Trustee to comply with any request of Beneficiary or of any other person so obligated to take action to foreclose on this Deed of Trust or otherwise enforce any provision of this Deed of Trust or the Loan Agreement or by reason of the release regardless of consideration of all or any part of the security held for the indebtedness secured by this Deed of Trust or by reason of any agreement or stipulation between any subsequent owner of the Secured Property and Beneficiary extending the time of payment or modifying the terms of this Deed of Trust, and Grantor and all such other persons shall continue to be liable to make payments according to the terms of any such agreement, unless expressly released and discharged in writing by Beneficiary or otherwise in accordance with the provisions of the Loan Agreement.

14. If all or any part of the Secured Property or an interest therein is sold or transferred by Grantor (except as may be permitted by the Loan Agreement and the Indenture of Trust herein described) without the prior written consent of the Beneficiary, the

Beneficiary may, at its option, declare all sums secured by this Deed of Trust to be immediately due and payable.

15. It is further understood and agreed between the parties hereto that if any term or provision of this Deed of Trust or of the Loan Agreement hereby secured shall contravene or be in conflict with any law of the State of West Virginia or any other applicable law or regulation, such term or provision is amended and modified to conform with such law.

16. It is further understood and agreed by and between the parties hereto that all of the representations, covenants, conditions, agreements, warranties and provisions of said parties herein contained shall extend to and bind Grantor, its successors and assigns, and shall inure to the benefit of Beneficiary and Trustee, their successors and assigns. It is further understood and agreed by Grantor that Beneficiary shall have the right to pledge and assign its rights, title and interests under this Deed of Trust without obtaining the consent of Grantor.

17. Unless the context shall otherwise indicate, words importing the singular shall include the plural, words importing persons shall include firms, associations and corporations, and vice versa, words importing the masculine, feminine and neuter gender shall be deemed to include all such genders, and the terms "hereof," "hereby," "hereunder" and "herein" shall refer to this Deed of Trust.

18. This Deed of Trust may be executed in any number of counterparts, each of which shall be an original and constitute but one and the same.

WITNESS the following signature:

[SEAL]

PUTNAM COUNTY BUILDING COMMISSION

By _____
Its Chairman

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, TO WIT:

The foregoing instrument was acknowledged before me this January 27, 2000, by ROBERT F. HATFIELD, Chairman of PUTNAM COUNTY BUILDING COMMISSION, a West Virginia public corporation, on behalf of such corporation.

My commission expires October 19, 2009.

[SEAL]

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
CRYSTAL G. LUSK
STEPTOE & JOHNSON
P. O. BOX 1588
CHARLESTON, WV 25326-1588
My Commission Expires October 19, 2009

Notary Public

This foregoing instrument was prepared by Vincent A. Collins, Attorney at Law, of Steptoe & Johnson, Clarksburg, West Virginia.

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BOOK 0490 PAGE 208

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"SCHEDULE A - REAL ESTATE"

EXHIBIT "A"

All those certain easements and rights of way and the appurtenances thereunto belonging, situate in Poca District, Putnam County, West Virginia, being more particularly described as follows:

1. Being all that certain right of way described in that certain Right of Way Agreement dated September 16, 1999, by and between Lois Jean Knowles and James S. Knowles, Jr., her husband, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 285.

2. Being all that certain right of way described in that certain Right of Way Agreement dated September 22, 1999, by and between Garl E. Thomas and Betty B. Thomas, Co-Administrators of Ruth Thomas Estate, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 287.

3. Being all that certain right of way described in that certain Right of Way Agreement dated August 26, 1999, by and between Roxie E. Lacy, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 289.

4. Being all that certain right of way described in that certain Right of Way Agreement dated August 27, 1999, by and between James B. Purdy by David B. Purdy, Power of Attorney, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 291.

5. Being all that certain right of way described in that certain Right of Way Agreement dated September 16, 1999, by and between Denise L. Legg, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 293.

6. Being all that certain right of way described in that certain Right of Way Agreement dated August 26, 1999, by and between Robert L. Lacy and Sandra K. Lacy, his wife, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 295.

7. Being all that certain right of way described in that certain Right of Way Agreement dated August 26, 1999, by and between, Shirley Lett, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 297.

8. Being all that certain right of way described in that certain Right of Way Agreement dated August 26, 1999, by and between George G. Smith and Vera Louise Smith, his wife, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 299.

9. Being all that certain right of way described in that certain Right of Way Agreement dated September 10, 1999, by and between Rosalie Purdy, James F. Melton by Pamala Irvine, Power of Attorney, Drema M. Scott, Sharon Mullins, Peggy Melton, Audra Melton by Peggy Melton, Power of Attorney, and Betty J. Melton, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 301.

10. Being all that certain right of way described in that certain Right of Way Agreement dated September 8, 1999, by and between Kevin J. Farrell, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 303.

11. Being all that certain right of way described in that certain Right of Way Agreement dated September 8, 1999, by and between Margaret H. Whittington, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 309.

12. Being all that certain right of way described in that certain Right of Way Agreement dated September 8, 1999, by and between James H. McClanahan and Phyllis J. McClanahan, his wife, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 311.

13. Being all that certain right of way described in that certain Right of Way Agreement dated August 24, 1999, by and between Arthur P. Young, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 313.

14. Being all that certain right of way described in that certain Right of Way Agreement dated September 7, 1999, by and between Terri Lynn Stone and Brooks Owen Stone, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 315.

15. Being all that certain right of way described in that certain Right of Way Agreement dated August 24, 1999, by and between Richard A. Lanham, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 317.

16. Being all that certain right of way described in that certain Right of Way Agreement dated August 24, 1999, by and between Herman C. Matney and Peggy A. Matney, his wife, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 319.

All those certain easements and rights of way and the appurtenances thereunto belonging, situate in Buffalo District, Putnam County, West Virginia, being more particularly described as follows:

1. Being all that certain right of way described in that certain Right of Way Agreement dated August 16, 1999, by and between Mariwana J. Higginbotham, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 323.

2. Being all that certain right of way described in that certain Right of Way Agreement dated August 19, 1999, by and between Winnie Froideveaux, Administrator Mary Ann Cossin Estate, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 325.

3. Being all that certain right of way described in that certain Right of Way Agreement dated August 21, 1999, by and between Clifford Walter, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 327.

4. Being all that certain right of way described in that certain Right of Way Agreement dated August 16, 1999, by and between William G. Loudin and Margaret E. Loudin, his wife, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 328.

5. Being all that certain right of way described in that certain Right of Way Agreement dated August 21, 1999, by and between B. Stanley Summerfield and Jean T. Summerfield, his wife, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 331.

6. Being all that certain right of way described in that certain Right of Way Agreement dated August 21, 1999, by and between B. Stanely Summerfield and Jean T. Summerfield, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 333.

7. Being all that certain right of way described in that certain Right of Way Agreement dated August 12, 1999, by and between Tex A. Priddy and Wilma J. Priddy, his wife, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 335.

8. Being all that certain right of way described in that certain Right of Way Agreement dated August 16, 1999, by and between Herbert M. Whittington, Jr., and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 337.

9. Being all that certain right of way described in that certain Right of Way Agreement dated August 12, 1999, by and between James L. Boggess and Kathy A. Boggess, his wife, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 339.

10. Being all that certain right of way described in that certain Right of Way Agreement dated August 12, 1999, by and between Kenneth E. Hicks and Sharon J. Hicks, his wife, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 341.

11. Being all that certain right of way described in that certain Right of Way Agreement dated August 12, 1999, by and between Richard S. Bigham and Beth A. Bigham, his wife, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 343.

12. Being all that certain right of way described in that certain Right of Way Agreement dated August 16, 1999, by and between Gary R. Tucker and Arlene D. Tucker, his wife, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 345.

13. Being all that certain right of way described in that certain Right of Way Agreement dated August 27, 1999, by and between Paul D. Goddard, Laverna Kay Goddard, his wife, and Paul D. Goddard, Jr. and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 347.

14. Being all that certain right of way described in that certain Right of Way Agreement dated August 21, 1999, by and between Ava M. Buck, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 349.

15. Being all that certain right of way described in that certain Right of Way Agreement dated November 20, 1999, by and between Mark R. Hoff and Susanne Hoff, his wife, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 351.

16. Being all that certain right of way described in that certain Right of Way Agreement dated August 23, 1999, by and between James E. Hammock, III and Brenda J. Hammock, his wife, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 353.

17. Being all that certain right of way described in that certain Right of Way Agreement dated August 23, 1999, by and between Donald L. Warner and Debria J. Warner, his wife, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 355.

18. Being all that certain right of way described in that certain Right of Way Agreement dated August 19, 1999, by and between William Clark Combs and Denise L. Combs, his wife, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 357.

19. Being all that certain right of way described in that certain Right of Way Agreement dated August 19, 1999, by and between Alvis L. Null, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 359.

20. Being all that certain right of way described in that certain Right of Way Agreement dated August 16, 1999, by and between Mariwana J. Higginbotham, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 321.

All those certain easements and rights of way and the appurtenances thereunto belonging, situate in Union District, Putnam County, West Virginia, being more particularly described as follows:

1. Being all that certain right of way described in that certain Right of Way Agreement dated August 19, 1999, by and between Charles R. Bedwell and Diane D. Bedwell, his wife, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 361.

2. Being all that certain right of way described in that certain Right of Way Agreement dated August 19, 1999, by and between Betty Jean Null, and West Virginia-American Water Company, a corporation, said Agreement being duly of record in the Office of the Clerk of the County Commission of Putnam County, West Virginia in Deed Book 408 at page 363.

STATE OF WEST VIRGINIA

County of Putnam, to-wit:

I, MICHAEL W. ELLIOTT, Clerk of the County Commission of said County, do hereby certify that the foregoing writing was this day produced to me in my said office and together with the certificate thereto annexed, was duly admitted to record therein.

Given under my hand this 28 day of January 2000 10 57 A

Michael W. Elliott Clerk.

ASSIGNMENT OF LEASE AND RENTS

THIS ASSIGNMENT is made as of the 27th day of January, 2000, by the PUTNAM COUNTY BUILDING COMMISSION, a public corporation and county building commission under the laws of the State of West Virginia, having an address of 89 Winfield Road, Winfield, West Virginia 25213 (hereinafter referred to as the "Assignor"), to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia, having a mailing address of 180 Association Drive, Charleston, West Virginia, 25311 (hereinafter referred to as the "Assignee").

WITNESSETH

WHEREAS, the Assignee has purchased the Assignor's Water Revenue Bonds, Series 2000 B, in the aggregate principal amount of $3,800,000, of even date herewith (hereinafter referred to as the "Bond");

WHEREAS, the Bond is referred to in that certain Loan Agreement of even date herewith by and between the Assignor and the Assignee (hereinafter referred to as the "Loan Agreement") and is in all respects subject to the provisions thereof;

WHEREAS, the payment of the indebtedness evidenced by the Bond is secured, in part, by a Deed of Trust, Security Agreement and Fixture Filing (hereinafter referred to as the "Deed of Trust") of even date herewith, executed by the Assignor in favor of the Assignee, encumbering real property and the improvements located thereon and certain personal property in Putnam County, West Virginia (hereinafter referred to as the "Mortgaged Property");

WHEREAS, the Mortgaged Property is to be operated and maintained by West Virginia-American Water Company (hereinafter referred to as the "Company") under and pursuant to an Agreement by and among the Assignor, the Company and The County Commission of Putnam County (hereinafter referred to as the "Series 2000 B O & M Agreement");

WHEREAS, the Bond, the Loan Agreement, the Deed of Trust, this Assignment and all other documents and instruments evidencing or securing repayment of, or otherwise pertaining to and executed and delivered in connection with, the Assignee's purchase of the Bond are hereinafter collectively referred to as the "Bond Documents"; and

WHEREAS, the Assignee requires, as additional security for the complete payment of the Bond and the performance, observance and fulfillment of all of the indebtedness, covenants, obligations, conditions, warranties, agreements and undertakings (hereinafter sometimes referred to as the "Mortgaged Indebtedness") contained in the Bond Documents, an assignment of Assignor's interest in that certain Agreement and Lease of Series 2000 B Facilities (the "Lease"), dated January 27, 2000, between Assignor, as Lessor (hereinafter sometimes referred to as the "Lessor"), and The County Commission of Putnam County, as Lessee (hereinafter referred to as the "Lessee"), and which

will be recorded in the office of the Clerk of The County Commission of Putnam County, West Virginia.

NOW THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Assignor does hereby transfer, assign, deliver and grant a security interest to the Assignee as follows:

1. Assignment of Lease. The Assignor hereby presently and irrevocably assigns and transfers to the Assignee all of the Assignor's right, title, and interest in and to the Lease, together with all extensions, renewals, amendments, modifications and replacements thereof. This Assignment is a present, absolute and unconditional assignment, and immediately upon the execution and delivery hereof, this Assignment shall give the Assignee the right to collect all rents, revenues, royalties, issues, profits, insurance proceeds, condemnation awards, license fees, concession fees and all other income and security of every kind and nature (hereinafter collectively referred to as "the Rents") due to the Assignor under or by virtue of the Lease.

2. License to Collect. The Assignee hereby grants to the Assignor a license to collect the Rents as such Rents respectively become due and to enforce the Lease, so long as there is no Event of Default hereunder or under any of the other Bond Documents. The Assignor shall hold the Rents, or such portion of the Rents as is sufficient to discharge all sums currently due under the Bond Documents, in trust for use in satisfaction of the Mortgaged Indebtedness. The Assignor hereby irrevocably authorizes and directs the Lessee, upon receipt of a written notice from the Assignee so demanding, to pay all Rents due or which become due under the Lease to the Assignee and to continue to do so until otherwise notified by the Assignee. The Lessee shall not have any obligation to determine whether or not an Event of Default does in fact exist.

Notwithstanding anything contained herein to the contrary, the Assignor agrees that the Assignee, and not the Assignor, shall be and is deemed to be the creditor of the Lessee under the Lease with respect to any and all of the Rents which may be payable on account of a default by the Lessee under the Lease, including, without limitation, any damages or further rentals payable on account of or after such default, and in respect of all assignments for the benefit of creditors and bankruptcy, reorganization, insolvency, dissolution or receivership proceedings affecting the Lessee (without any obligation on the part of the Assignee, however, to file or make timely filings of claims in such proceedings or otherwise to pursue creditor's rights thereon), and the Assignee shall have the option to apply any money received or receivable by the Assignee as such creditor in reduction of the Mortgaged Indebtedness, whether or not an Event of Default under any of the Bond Documents shall then exist.

3. Warranties of Assignor. The Assignor hereby warrants and represents the following:

(i) The Assignor is the sole holder of the Lessor's or owner's interest in and under the Lease and has the legal right to sell, assign, transfer and set over the Lease and the Rents to the Assignee;

(ii) The Lease submitted to the Assignee is a true, accurate and complete copy of the Lease, and all addenda thereto;

(iii) The Lease submitted to the Assignee constitutes the entire agreement between the parties thereto, and there are no agreements, amendments, modifications, undertakings, representations or warranties, either oral or written, which have not been submitted to the Assignee;

(iv) The Lease is valid, in full force and effect, and enforceable in accordance with its terms;

(v) Neither the Assignor nor the Lessee has commenced any action or given or served any notice for the purpose of terminating the Lease; and

(vi) No rental concession nor any other waiver, release, reduction, discount or other alteration of the Rents due or to become due has been granted to the Lessee for any period subsequent to the effective date of this Assignment.

4. Covenants of the Assignor. The Assignor hereby covenants and agrees that the Assignor:

(i) Shall fulfill, perform and observe (or cause to be fulfilled, observed and performed) all of the duties, covenants and obligations of the Assignor under the Lease;

(ii) Shall give prompt written notice to the Assignee of any default or claim of default by the Assignor or the Lessee under the Lease, along with a complete copy of any written notice of such default or claim of default;

(iii) Shall enforce (in a manner satisfactory to the Assignee and short of termination of the Lease) the performance by the Lessee of all of its duties, covenants and obligations under the Lease;

(iv) Shall appear in and defend any action or proceeding arising under the Lease;

(v) Shall not alter, modify, amend, release, replace, terminate or cancel the Lease, nor accept a surrender of the Lease, nor waive any term or condition of the Lease without the prior written consent of Assignee, which consent may be withheld in the Assignee's sole and absolute discretion;

(vi) Shall not collect nor accept any Rents more than one (1) month in advance of the time any such Rents becomes due;

(vii) Shall not consent to the assignment of the Lessee's interest under the Lease, nor consent to any subletting thereunder, without the prior written consent of the Assignee, which consent may be withheld in the Assignee's sole and absolute discretion;

(viii) Shall not take any action (or allow any action to be taken) that may impair the security of the Lease;

(ix) Shall not subordinate the Lease to any lien other than the lien of the Deed of Trust, nor permit, consent or agree to any such subordination;

(x) Shall not take any action which may cause or permit the estate of the Lessee under the Lease to merge with the Assignor's interest in the Mortgaged Property;

(xi) Shall not commit or suffer any violation of law in connection with the Lease;

(xii) Shall not allow the premises demised under the Lease to be abandoned or vacated; and

(xiii) Shall not execute any further assignment of the Assignor's interest under the Lease, nor any assignment of the Rents or any interest therein and shall not suffer or permit any such assignment to occur by operation of law.

5. Covenant of the Assignee. Upon the complete payment of the Bond and payment of the Mortgaged Indebtedness, this Assignment shall be deemed terminated and released by the Assignee without further action and shall thereupon be of no further force or effect. The Assignor agrees that an affidavit, certificate, letter or statement of any officer, agent or attorney of the Assignee indicating that any part of the Mortgaged Indebtedness remains outstanding shall be deemed conclusive evidence of the validity, effectiveness and continuing force of this Assignment and any Person may and is hereby authorized to rely thereon. Notwithstanding the foregoing, the recording of a duly authorized and executed release of the Deed of Trust shall likewise discharge this Assignment.

6. Events of Default. Each of the following shall constitute an Event of Default hereunder:

(i) The occurrence of an Event of Default under any of the Bond Documents;

(ii) Any breach by the Assignor of any covenant, agreement, duty, obligation or condition of this Assignment; and

(iii) If any representation or warranty by the Assignor contained in this Assignment proves to be false or misleading in any respect.

(viii) Shall not take any action (or allow any action to be taken) that may impair the security of the Lease;

(ix) Shall not subordinate the Lease to any lien other than the lien of the Deed of Trust, nor permit, consent or agree to any such subordination;

(x) Shall not take any action which may cause or permit the estate of the Lessee under the Lease to merge with the Assignor's interest in the Mortgaged Property;

(xi) Shall not commit or suffer any violation of law in connection with the Lease;

(xii) Shall not allow the premises demised under the Lease to be abandoned or vacated; and

(xiii) Shall not execute any further assignment of the Assignor's interest under the Lease, nor any assignment of the Rents or any interest therein and shall not suffer or permit any such assignment to occur by operation of law.

5. Covenant of the Assignee. Upon the complete payment of the Bond and payment of the Mortgaged Indebtedness, this Assignment shall be deemed terminated and released by the Assignee without further action and shall thereupon be of no further force or effect. The Assignor agrees that an affidavit, certificate, letter or statement of any officer, agent or attorney of the Assignee indicating that any part of the Mortgaged Indebtedness remains outstanding shall be deemed conclusive evidence of the validity, effectiveness and continuing force of this Assignment and any Person may and is hereby authorized to rely thereon. Notwithstanding the foregoing, the recording of a duly authorized and executed release of the Deed of Trust shall likewise discharge this Assignment.

6. Events of Default. Each of the following shall constitute an Event of Default hereunder:

(i) The occurrence of an Event of Default under any of the Bond Documents;

(ii) Any breach by the Assignor of any covenant, agreement, duty, obligation or condition of this Assignment; and

(iii) If any representation or warranty by the Assignor contained in this Assignment proves to be false or misleading in any respect.

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7. Remedies. Upon an Event of Default hereunder and at any time thereafter (without in any way waiving such Event of Default), at the Assignee's option and without notice or demand of any kind, and without regard to the adequacy of security for the complete payment and performance of the Mortgaged Indebtedness, the Assignee may exercise any or all of the following remedies, either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court:

(i) Declare all of the Mortgaged Indebtedness immediately due and payable;

(ii) Take physical possession of the Mortgaged Property and of all books, records, documents and accounts relating to the Mortgaged Property and the Assignor's business thereon, and (at the Assignor's sole cost and expense) hold, lease, manage, maintain and operate the Mortgaged Property and the Assignor's business thereon (on such terms and for such period of time as the Assignee, in its sole and absolute discretion, may deem proper) without any interference whatsoever from the Assignor;

(iii) With or without taking possession of the Mortgaged Property, collect the Rents (including those past due and unpaid) and any other sums owing under the Lease and, in the Assignee's sole and absolute discretion, apply such Rents to the payment of (a) all expenses of managing the Mortgaged Property, including, without limitation, the salaries, fees and wages of a managing agent and such other employees as the Assignee, in its sole and absolute discretion, may deem necessary or desirable, and all expenses of operating and maintaining the Mortgaged Property, including, without limitation, all taxes, charges, claims, assessments, water rents, sewer rents and any other liens, and premiums for all insurance which the Assignee, in its sole and absolute discretion, may deem necessary or desirable, and the cost of all alternations, renovations, repairs or replacements, and all expenses incident to taking and retaining possession of the Mortgaged Property; and (b) the Mortgaged Indebtedness;

(iv) Institute any legal or equitable action (in either the Assignor's or the Assignee's name) which the Assignee, in its sole and absolute discretion, deems desirable to collect any or all of the Rents;

(v) Perform any or all obligations of the Assignor under the Lease or this Assignment and to take such actions as the Assignee deems appropriate to protect its security, including, without limitation:

(a) Appearing in any action or proceeding affecting the Lease or the Mortgaged Property;

(b) Executing a new Lease, and modifying, terminating or cancelling the existing Lease;

(c) Collecting, modifying and compromising any Rents payable under the Lease; and

(vi) Exercise any other rights and remedies permitted to the Assignee under applicable law.

All costs and expenses incurred by the Assignee in connection with any actions taken pursuant to this Section 7, including, without limitation, attorneys' fees and expenses and court costs, shall be a demand obligation of the Assignor to the Assignee, shall bear interest at the rate specified in the Bond and shall be secured hereby and by the Deed of Trust as fully and effectively and with the same priority as every other obligation of the Assignor hereunder.

The foregoing rights and remedies are in addition to all other rights and remedies afforded to the Assignee under any of the other Bond Documents or at law or in equity, by statute or otherwise, all of which are hereby reserved by the Assignee, and this Assignment is made and accepted without prejudice to any such rights and remedies. The exercise by the Assignee of any of the rights or remedies granted to it in this Assignment, including, without limitation, the collection of the Rents and the application thereof as herein provided, shall not be considered a waiver of any default hereunder or under any of the Bond Documents. All of the rights and remedies of the Assignee under the Bond Documents shall be separate and cumulative and may be exercised concurrently or successively in the Assignee's sole and absolute discretion. The exercise of any right or remedy by the Assignee hereunder shall not be considered to be a waiver or any of the Assignee's other rights or remedies hereunder or under any of the other Bond Documents; in particular, but without limitation, the Assignee's exercise of its rights to collect and receive Rents shall not preclude the Assignee from simultaneously or subsequently electing to take possession of the Mortgaged Property, nor shall the Assignee's exercise of its rights or remedies with respect to the Lease, or any portion of the Mortgaged Property (which exercise shall be expressly permitted, at the Assignee's option) preclude the Assignee from simultaneously or subsequently electing to exercise any of its rights or remedies with respect to any other portion of the Mortgaged Property. No failure or delay on the part of the Assignee to exercise any such right or remedy shall operate as a wavier thereof. Notwithstanding the foregoing, nothing contained in this Assignment and no entry by the Assignee upon the Mortgaged Property as herein provided shall be construed so that the Assignee shall be deemed to be a mortgagee in possession.

Any failure or delay by the Assignee to insist upon the strict performance of or compliance with any of the terms, conditions, covenants or warranties hereof shall not be deemed to be a waiver of any of the terms, conditions, covenants and provisions hereof, and the Assignee, notwithstanding any such failure or delay, shall have the right thereafter to insist upon the strict performance of and compliance with any and all of the terms and provisions hereof. No waiver at any time of any of the terms, conditions, covenants or provisions of this Assignment shall be construed as a waiver of any other term, condition, covenant or provision of this Assignment; nor shall such a waiver in any one instance be construed as a waiver of the same term, condition, covenant or provision in any subsequent instance or circumstance. The Assignee shall not, by any act, delay, omission or otherwise, be deemed to have waived any of its rights or remedies hereunder or under any of the other Bond Documents unless such waiver is in writing and signed by the Assignee, and then, only to the extent specifically set forth therein.

The Assignor does hereby make, constitute and appoint the Assignee, or any officer or agent designated by the Assignee, the Assignor's true and lawful attorney-in-fact, with power of substitution, at any time after an Event of Default, to

(i) Endorse the name of the Assignor upon any notes, checks, drafts, money orders, or other instruments of payment with respect to the Lease and with respect to all Rents in connection therewith;

(ii) Give such notice and directions, in writing or otherwise, to the United States Post Office as may be necessary to effect delivery to the Assignee or any of its designated agents of all mail addressed to the Assignor; and

(iii) Take possession of the Mortgaged Property, and to have, hold, manage, lease and operate the same, subject to Series 2000 B O & M Agreement, hereby granting unto the Assignor's said attorney full power to do any and all things necessary to be done in and about the Mortgaged Property as fully and effectually as the Assignor might or could do, and hereby ratifying all that said attorney shall do or cause to be done by virtue hereof.

The power of attorney conferred on the Assignee pursuant to the provisions of this Section 7, being coupled with an interest, shall be irrevocable until all of the Mortgaged Indebtedness is fully paid and performed and shall not be affected by any disability or incapacity which the Assignor may suffer and shall survive the same. Such power of attorney is provided solely to protect the interests of the Assignee and shall not impose any duty on the Assignee to exercise any such power, and neither the Assignee nor such attorney-in-fact shall be liable for any act, omission, error in judgment or mistake of law, except as the same may result from its gross negligence or wilful misconduct.

8. Application of Proceeds. Any amounts collected by the Assignee hereunder shall be applied by the Assignee, without marshaling of assets, towards the payment of the Mortgaged Indebtedness in such order as the Assignee shall determine in its sole and absolute discretion.

9. No Liability. Nothing in this Assignment shall be construed to impose any obligation on or responsibility from the Assignee to the Assignor, nor from the Assignee to the Lessee or any other third party, for:

(i) The control, care, management or repair of the Mortgaged Property;

(ii) The performance of any of the Assignor's obligations under the Lease;

(iii) For any waste committed on the Mortgaged Property;

(iv) For any dangerous or defective condition on or under the Mortgaged Property;

(v) The Assignee's failure to let the Mortgaged Property after an Event of Default hereunder or from any other act or omission of the Assignee in managing the Mortgaged Property after an Event of Default hereunder; or

(vi) For any negligence in the management, upkeep, repair or control of the Mortgaged Property resulting in loss or injury or death to any Lessee, licensee, employee or other party.

10. Indemnification. To the extent permissible under the Constitution and laws of the State, the Assignor shall indemnify and hold the Assignee harmless from and against all obligations, liabilities, losses, costs, claims, expenses, fines, penalties and damages (including, without limitation, attorneys' fees and expenses and court costs) which the Assignee may incur:

(i) By reason of this Assignment including without limitation the exercise of any right or remedy hereunder;

(ii) In connection with the Lease (including, without limitation, all claims and demands which may be asserted against the Assignee by reason of any alleged obligation or undertaking on its part to perform or discharge any of the terms, covenants or agreements contained in the Lease); and

(iii) With regard to the Mortgaged Property.

The Assignor shall defend the Assignee against any claim or litigation involving the Assignee for the same, with counsel approved by the Assignee, and should the Assignee incur any such obligation, liability, loss, cost, expense, fine, penalty or damage, then the Assignor shall reimburse the Assignee for such amounts upon demand, and upon the failure of the Assignor so to do, the Assignee may, at its option, declare the entire Mortgaged Indebtedness immediately due and payable. Notwithstanding anything to the contrary contained herein, the Assignee shall have the option of conducting its own defense with counsel of the Assignee's selection, but at the expense of the Assignor. The foregoing indemnification agreement shall also include all costs incurred by the Assignee in connection with the enforcement of said indemnification agreement.

Any amounts owed to the Assignee under this Section 10 shall be a demand obligation, shall bear interest at the rate specified in the Bond, and, to the extent permitted by law, shall be added to the Mortgaged Indebtedness and shall be secured by the lien of this Assignment as fully and effectively and with the same priority as every other obligation of the Assignor secured hereby. The provisions of this Section 10 shall survive the complete payment and performance of the Mortgaged Indebtedness and the foreclosure of the Deed of Trust.

11. Modifications, Etc. The Assignor hereby consents and agrees that, at any time and from time to time, without notice to or further consent from the Assignor and either with or without consideration, the Assignee may surrender any property or other security of any kind or nature whatsoever held by the Assignee or by any Person on the Assignee's behalf or for the Assignee's account, securing the Mortgaged Indebtedness; substitute for any collateral so held by the Assignee, other collateral of like kind, or of any kind; agree to modification of the terms of and of

the Bond Documents; extend or renew Bond Documents (for any period and upon such terms and conditions as Assignee, in its sole and absolute discretion, may deem desirable), grant releases, compromises and indulgences with respect to any of the Bond Documents to any person now or hereafter liable thereunder or hereunder; release any guarantor or endorser of any of the Bond Documents; or take or fail to take any action of any type whatsoever; and no such action which the Assignee shall take or fail to take in connection with any of the Bond Documents, or any security for the payment and performance of the Mortgaged Indebtedness, nor any course of dealing with the Assignor or any other person, shall release the Assignor's obligations hereunder, affect this Assignment in any way or afford the Assignor any recourse against the Assignee.

12. Successors and Assigns. This Assignment shall (i) be binding on the Assignor and the Assignor's successors and assigns and (ii) inure to the benefit of the Assignee or any other Person who may now or hereafter hold any interest in the Bond and their respective successors and assigns.

13. Severability. If any section, paragraph, clause or provision of the Assignment 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 Assignment.

14. Notices. Any notice, request, demand, statement or consent made hereunder shall be given as provided in the Lease.

15. Governing Law. This Assignment shall be construed, and the rights and obligations of the Assignee and the Assignor shall be determined, in accordance with the laws of the State of West Virginia.

IN WITNESS WHEREOF, the parties hereto have caused their names to be signed hereto by their proper officers thereunto duly authorized all as of the day and year first hereinabove written.

PUTNAM COUNTY BUILDING COMMISSION

By: _____
Its Chairman

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its Director

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

I, Crystal G Lusk, a Notary Public in and for said State and County, do hereby certify that Robert F. Hatfield, Chairman of the PUTNAM COUNTY BUILDING COMMISSION, whose name is signed to the writing above, has this day acknowledged the same before me on behalf of said corporation.

Given under my hand this 26th day of January, 2000.

My commission expires October 19, 2009.

OFFICIAL SEAL
NOTARY PUBLIC, STATE OF WEST VIRGINIA
CRYSTAL G. LUSK
STEPTOE & JOHNSON
P. O. BOX 1588
CHARLESTON, WV 25326-1588
My Commission Expires October 19, 2009

Crystal G Lusk
Notary Public

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

I, Crystal G Lusk, a Notary Public in and for said State and County, do hereby certify that Daniel B. Yonkosky, Director of the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, whose name is signed to the writing above, has this day acknowledged the same before me on behalf of said corporation.

Given under my hand this 26th day of January, 2000.

My commission expires October 19, 2009

OFFICIAL SEAL
CHARLESTON, WV 25326-1588
My Commission Expires October 19, 2009

Crystal G Lusk
Notary Public

This instrument was prepared by:

Steptoe & Johnson
Vincent A. Collins
Clarksburg, West Virginia

01/24/00
731000.97001

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STATE OF WEST VIRGINIA
County of Putnam, to-wit:
I, MICHAEL W. ELLIOTT, Clerk of the County Commission of said County, do hereby certify that the foregoing writing was this day produced to me in my said office and together with the certificate thereto annexed, was duly admitted to record therein.

Given under my hand this 28 day of January 2000

Michael W. Elliott 11:02 A
Clerk.

WDA-LP III
(1/25/00)

LOAN AGREEMENT

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

Putman County Building Commission (B)
(Governmental Agency)

W I T N E S S E T H:

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

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

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

WHEREAS, the Governmental Agency intends to construct, is constructing or has constructed such a water development project at the location and as more particularly

described and set forth in the Application, as hereinafter defined (the "Project");

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

1.12 "Person" means any public or private corporation, institution, association, firm or company organized or existing under the laws of the State or any other state or country; the United States or the State; any federal or state governmental agency; political subdivision; county commission; municipality; industry; sanitary district; public service district; drainage district; soil conservation district; watershed improvement district; partnership; trust; estate; person or individual; group of persons or individuals acting individually or as a group or any other legal entity whatsoever.

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

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

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

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

ARTICLE II

The Project and the System

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

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

2.3 All real estate and interests in real estate and all personal property

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

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle

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

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

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

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

2.12 The Governmental Agency, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is

attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

(j) In the event that the funds pledged to the payment of the Local Bonds are either Use Fees or Governmental Lease Payments, then the Local Act shall provide that (i) the Project financed by such Local Bonds shall be subject to an O&M Agreement pursuant to which the Operator shall be responsible, at its expense, to operate and

maintain such Project; and (ii) in the event the O&M Agreement or the Governmental Lease is terminated or either the Use Fee or the Governmental Lease Payment, as the case may be, is not paid, then the Governmental Agency shall fix, collect, adjust and increase rates, fees and other charges for use of the System and shall take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement; and

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan

Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

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

ARTICLE IV

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

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

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

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

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

(iii) if required by the Local Statute or in the event the O&M Agreement or Governmental Lease is terminated, to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account; and

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

(xii) That, except as otherwise provided by law, in the absence of an O&M Agreement, the Governmental Agency shall annually adopt a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during

the succeeding fiscal year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof;

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

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

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

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

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

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

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

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

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

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

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

(xxiv) That the Governmental Agency shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve fund 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 to the Authority by the 5th day of such calendar month;

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

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

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

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

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

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

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

4.5 The Local Bonds shall be delivered to the Authority in fully registered

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

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

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

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

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, in the absence of a pledge of

either Use Fees or Governmental Lease Payments or in the event the O&M Agreement or the Governmental Lease is terminated, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by the Governmental Agency in the terms and covenants of this Loan Agreement, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of

any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

Putnam County Building Commission
[Name of Governmental Agency]

(SEAL)

By: _____

Its: Chairman

Attest:

_____

Its: Secretary

Date: January 27, 2000

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Director

Attest:

_____
Secretary-Treasurer

Date: January 27, 2000

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 meanings set forth in the _____ [passed/adopted] by the Issuer on _____, ___, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated _____.

2. The Bonds are being issued for the purposes of _____.

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

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

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

[SEAL]

_____

By: _____
West Virginia License No. _____

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

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

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

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

Ladies and Gentlemen:

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

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

The Local Bonds are issued for the purpose of _____ and 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 _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and presently existing _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

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

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

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

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

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

Very truly yours,

EXHIBIT C

Monthly Financial Report

_____

[Name of Governmental Agency]

_____

_____

[Name of Bond Issue]
Fiscal Year - __
Report Month: _____

ITEM	CURRENT MONTH	YEAR TO DATE	BUDGET YEAR TO DATE	DIFFERENCE
1. Gross Revenues Collected				
2. Operating Expenses, if any				
3. Other Bond Debt Payments (including Reserve Account deposits, if any)				
4. Bond Payments (include Reserve Account deposits, if required)				
5. Renewal and Replacement Fund Deposit, if required				
6. Funds available for capital construction				

Witnesseth my signature this __ day of ____, ____.

[Name of Governmental Agency]

By: _____
Authorized Officer

EXHIBIT D

[Monthly Payment Form]

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

Re: [Name of bond issue]

Dear Ladies and Gentlemen:

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

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	$3,800,000
Purchase Price of Local Bonds	$3,800,000

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

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

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

Putnam County Building Commission (West Virginia)

WDA Loan (Loan Program III 2000 Series A)
2000 Series B (Governmental Lease Payments)

Lease and Debt Service Schedules

	Schedule of Monthly Lease Payments				Debt Service Schedule		
	Putnam County Buidling Commission				Municipal Bond Commission		
	Deposits Due to the Municipal Bond Commission				*Payments Due to the Trustee*		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
February 1, 2000		19,401.04	200.04	19,601.08			
March 1, 2000		19,401.05	200.04	19,601.09			
April 1, 2000		19,401.05	200.04	19,601.09			
May 1, 2000		19,401.05	200.04	19,601.09			
June 1, 2000		19,401.05	200.04	19,601.09		97,005.24	15,646.01
July 1, 2000	8,333.33	18,775.20	200.04	27,308.57			
August 1, 2000	8,333.33	18,775.21	200.04	27,308.58			
September 1, 2000	8,333.33	18,775.21	200.04	27,308.58			
October 1, 2000	8,333.33	18,775.21	200.04	27,308.58			
November 1, 2000	8,333.33	18,775.21	200.04	27,308.58			
December 1, 2000	8,333.33	18,775.21	200.04	27,308.58		112,651.25	
January 1, 2001	8,333.33	18,775.20	200.04	27,308.57			
February 1, 2001	8,333.33	18,775.21	200.04	27,308.58			
March 1, 2001	8,333.34	18,775.21	200.04	27,308.59			
April 1, 2001	8,333.34	18,775.21	200.04	27,308.59			
May 1, 2001	8,333.34	18,775.21	200.05	27,308.60			
June 1, 2001	8,333.34	18,775.21	200.05	27,308.60	100,000.00	112,651.25	
July 1, 2001	8,333.33	18,412.70	200.05	26,946.08			
August 1, 2001	8,333.33	18,412.71	200.05	26,946.09			
September 1, 2001	8,333.33	18,412.71	200.05	26,946.09			
October 1, 2001	8,333.33	18,412.71	200.05	26,946.09			
November 1, 2001	8,333.33	18,412.71	200.05	26,946.09			
December 1, 2001	8,333.33	18,412.71	200.05	26,946.09		110,476.25	
January 1, 2002	8,333.33	18,412.70	200.05	26,946.08			
February 1, 2002	8,333.33	18,412.71	200.05	26,946.09			
March 1, 2002	8,333.34	18,412.71	200.05	26,946.10			
April 1, 2002	8,333.34	18,412.71	200.05	26,946.10			
May 1, 2002	8,333.34	18,412.71	200.05	26,946.10			
June 1, 2002	8,333.34	18,412.71	200.05	26,946.10	100,000.00	110,476.25	
July 1, 2002	8,750.00	18,012.70	200.05	26,962.75			
August 1, 2002	8,750.00	18,012.71	200.05	26,962.76			
September 1, 2002	8,750.00	18,012.71	200.05	26,962.76			
October 1, 2002	8,750.00	18,012.71	200.05	26,962.76			
November 1, 2002	8,750.00	18,012.71	200.05	26,962.76			
December 1, 2002	8,750.00	18,012.71	200.05	26,962.76		108,076.25	
January 1, 2003	8,750.00	18,012.70	200.05	26,962.75			
February 1, 2003	8,750.00	18,012.71	200.05	26,962.76			
March 1, 2003	8,750.00	18,012.71	200.05	26,962.76			
April 1, 2003	8,750.00	18,012.71	200.05	26,962.76			
May 1, 2003	8,750.00	18,012.71	200.05	26,962.76			
June 1, 2003	8,750.00	18,012.71	200.05	26,962.76	105,000.00	108,076.25	

	Schedule of Monthly Lease Payments				Debt Service Schedule		
	Putnam County Building Commission				Municipal Bond Commission		
	Deposits Due to the Municipal Bond Commission				*Payments Due to the Trustee*		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2003	9,166.66	17,575.20	200.05	26,941.91			
August 1, 2003	9,166.66	17,575.21	200.05	26,941.92			
September 1, 2003	9,166.66	17,575.21	200.05	26,941.92			
October 1, 2003	9,166.66	17,575.21	200.05	26,941.92			
November 1, 2003	9,166.67	17,575.21	200.05	26,941.93			
December 1, 2003	9,166.67	17,575.21	200.05	26,941.93		105,451.25	
January 1, 2004	9,166.67	17,575.20	200.05	26,941.92			
February 1, 2004	9,166.67	17,575.21	200.05	26,941.93			
March 1, 2004	9,166.67	17,575.21	200.05	26,941.93			
April 1, 2004	9,166.67	17,575.21	200.05	26,941.93			
May 1, 2004	9,166.67	17,575.21	200.05	26,941.93			
June 1, 2004	9,166.67	17,575.21	200.05	26,941.93	110,000.00	105,451.25	
July 1, 2004	9,583.32	17,116.87	200.05	26,900.24			
August 1, 2004	9,583.32	17,116.87	200.05	26,900.24			
September 1, 2004	9,583.32	17,116.87	200.05	26,900.24			
October 1, 2004	9,583.34	17,116.88	200.05	26,900.27			
November 1, 2004	9,583.34	17,116.88	200.05	26,900.27			
December 1, 2004	9,583.34	17,116.88	200.05	26,900.27		102,701.25	
January 1, 2005	9,583.33	17,116.87	200.05	26,900.25			
February 1, 2005	9,583.33	17,116.87	200.05	26,900.25			
March 1, 2005	9,583.34	17,116.87	200.05	26,900.26			
April 1, 2005	9,583.34	17,116.88	200.05	26,900.27			
May 1, 2005	9,583.34	17,116.88	200.05	26,900.27			
June 1, 2005	9,583.34	17,116.88	200.05	26,900.27	115,000.00	102,701.25	
July 1, 2005	10,416.67	16,625.73	200.05	27,242.45			
August 1, 2005	10,416.67	16,625.73	200.05	27,242.45			
September 1, 2005	10,416.67	16,625.73	200.05	27,242.45			
October 1, 2005	10,416.67	16,625.73	200.05	27,242.45			
November 1, 2005	10,416.67	16,625.73	200.05	27,242.45			
December 1, 2005	10,416.67	16,625.73	200.05	27,242.45		99,754.38	
January 1, 2006	10,416.67	16,625.73	200.05	27,242.45			
February 1, 2006	10,416.67	16,625.73	200.05	27,242.45			
March 1, 2006	10,416.67	16,625.73	200.05	27,242.45			
April 1, 2006	10,416.67	16,625.73	200.05	27,242.45			
May 1, 2006	10,416.67	16,625.73	200.05	27,242.45			
June 1, 2006	10,416.63	16,625.73	200.05	27,242.41	125,000.00	99,754.38	
July 1, 2006	10,833.33	16,078.85	200.05	27,112.23			
August 1, 2006	10,833.33	16,078.85	200.05	27,112.23			
September 1, 2006	10,833.33	16,078.85	200.05	27,112.23			
October 1, 2006	10,833.33	16,078.86	200.05	27,112.24			
November 1, 2006	10,833.33	16,078.86	200.05	27,112.24			
December 1, 2006	10,833.33	16,078.86	200.05	27,112.24		96,473.13	
January 1, 2007	10,833.33	16,078.85	200.05	27,112.23			
February 1, 2007	10,833.33	16,078.85	200.05	27,112.23			
March 1, 2007	10,833.33	16,078.85	200.05	27,112.23			
April 1, 2007	10,833.33	16,078.86	200.05	27,112.24			
May 1, 2007	10,833.33	16,078.86	200.05	27,112.24			
June 1, 2007	10,833.37	16,078.86	200.05	27,112.28	130,000.00	96,473.13	

	Schedule of Monthly Lease Payments Putnam County Building Commission *Deposits Due to the Municipal Bond Commission*				Debt Service Schedule Municipal Bond Commission *Payments Due to the Trustee*		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2007	11,250.00	15,496.56	200.05	26,946.61			
August 1, 2007	11,250.00	15,496.56	200.05	26,946.61			
September 1, 2007	11,250.00	15,496.56	200.05	26,946.61			
October 1, 2007	11,250.00	15,496.56	200.05	26,946.61			
November 1, 2007	11,250.00	15,496.57	200.05	26,946.62			
December 1, 2007	11,250.00	15,496.57	200.05	26,946.62		92,979.38	
January 1, 2008	11,250.00	15,496.56	200.05	26,946.61			
February 1, 2008	11,250.00	15,496.56	200.05	26,946.61			
March 1, 2008	11,250.00	15,496.56	200.05	26,946.61			
April 1, 2008	11,250.00	15,496.56	200.05	26,946.61			
May 1, 2008	11,250.00	15,496.57	200.05	26,946.62			
June 1, 2008	11,250.00	15,496.57	200.05	26,946.62	135,000.00	92,979.38	
July 1, 2008	12,083.33	14,889.06	200.05	27,172.44			
August 1, 2008	12,083.33	14,889.06	200.05	27,172.44			
September 1, 2008	12,083.33	14,889.06	200.05	27,172.44			
October 1, 2008	12,083.33	14,889.06	200.05	27,172.44			
November 1, 2008	12,083.33	14,889.07	200.05	27,172.45			
December 1, 2008	12,083.33	14,889.07	200.05	27,172.45		89,334.38	
January 1, 2009	12,083.33	14,889.06	200.05	27,172.44			
February 1, 2009	12,083.33	14,889.06	200.05	27,172.44			
March 1, 2009	12,083.33	14,889.06	200.05	27,172.44			
April 1, 2009	12,083.33	14,889.06	200.05	27,172.44			
May 1, 2009	12,083.33	14,889.07	200.05	27,172.45			
June 1, 2009	12,083.37	14,889.07	200.05	27,172.49	145,000.00	89,334.38	
July 1, 2009	12,500.00	14,224.48	200.05	26,924.53			
August 1, 2009	12,500.00	14,224.48	200.05	26,924.53			
September 1, 2009	12,500.00	14,224.48	200.05	26,924.53			
October 1, 2009	12,500.00	14,224.48	200.05	26,924.53			
November 1, 2009	12,500.00	14,224.48	200.05	26,924.53			
December 1, 2009	12,500.00	14,224.48	200.05	26,924.53		85,346.88	
January 1, 2010	12,500.00	14,224.48	200.05	26,924.53			
February 1, 2010	12,500.00	14,224.48	200.05	26,924.53			
March 1, 2010	12,500.00	14,224.48	200.05	26,924.53			
April 1, 2010	12,500.00	14,224.48	200.05	26,924.53			
May 1, 2010	12,500.00	14,224.48	200.05	26,924.53			
June 1, 2010	12,500.00	14,224.48	200.05	26,924.53	150,000.00	85,346.88	
July 1, 2010	2,916.66	13,524.48	122.80	16,563.94			
August 1, 2010	2,916.66	13,524.48	122.80	16,563.94			
September 1, 2010	2,916.66	13,524.48	122.80	16,563.94			
October 1, 2010	2,916.66	13,524.48	122.80	16,563.94			
November 1, 2010	2,916.67	13,524.48	122.80	16,563.95			
December 1, 2010	2,916.67	13,524.48	122.80	16,563.95		81,146.88	
January 1, 2011	2,916.67	13,524.48	122.80	16,563.95			
February 1, 2011	2,916.67	13,524.48	122.80	16,563.95			
March 1, 2011	2,916.67	13,524.48	122.80	16,563.95			
April 1, 2011	2,916.67	13,524.48	122.80	16,563.95			
May 1, 2011	2,916.67	13,524.48	122.80	16,563.95			
June 1, 2011	2,916.67	13,524.48	122.80	16,563.95	35,000.00	81,146.88	

	Schedule of Monthly Lease Payments				Debt Service Schedule		
	Putnam County Building Commission				Municipal Bond Commission		
	Deposits Due to the Municipal Bond Commission				*Payments Due to the Trustee*		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2011	2,916.66	13,349.48	122.80	16,388.94			
August 1, 2011	2,916.66	13,349.48	122.80	16,388.94			
September 1, 2011	2,916.66	13,349.48	122.80	16,388.94			
October 1, 2011	2,916.66	13,349.48	122.80	16,388.94			
November 1, 2011	2,916.67	13,349.48	122.80	16,388.95			
December 1, 2011	2,916.67	13,349.48	122.80	16,388.95		80,096.88	
January 1, 2012	2,916.67	13,349.48	122.80	16,388.95			
February 1, 2012	2,916.67	13,349.48	122.80	16,388.95			
March 1, 2012	2,916.67	13,349.48	122.80	16,388.95			
April 1, 2012	2,916.67	13,349.48	122.81	16,388.96			
May 1, 2012	2,916.67	13,349.48	122.81	16,388.96			
June 1, 2012	2,916.67	13,349.48	122.81	16,388.96	35,000.00	80,096.88	
July 1, 2012	3,333.33	13,174.48	122.81	16,630.62			
August 1, 2012	3,333.33	13,174.48	122.81	16,630.62			
September 1, 2012	3,333.33	13,174.48	122.81	16,630.62			
October 1, 2012	3,333.33	13,174.48	122.81	16,630.62			
November 1, 2012	3,333.33	13,174.48	122.81	16,630.62			
December 1, 2012	3,333.33	13,174.48	122.81	16,630.62		79,046.88	
January 1, 2013	3,333.33	13,174.48	122.81	16,630.62			
February 1, 2013	3,333.33	13,174.48	122.81	16,630.62			
March 1, 2013	3,333.34	13,174.48	122.81	16,630.63			
April 1, 2013	3,333.34	13,174.48	122.81	16,630.63			
May 1, 2013	3,333.34	13,174.48	122.81	16,630.63			
June 1, 2013	3,333.34	13,174.48	122.81	16,630.63	40,000.00	79,046.88	
July 1, 2013	3,333.33	12,974.48	122.81	16,430.62			
August 1, 2013	3,333.33	12,974.48	122.81	16,430.62			
September 1, 2013	3,333.33	12,974.48	122.81	16,430.62			
October 1, 2013	3,333.33	12,974.48	122.81	16,430.62			
November 1, 2013	3,333.33	12,974.48	122.81	16,430.62			
December 1, 2013	3,333.33	12,974.48	122.81	16,430.62		77,846.88	
January 1, 2014	3,333.33	12,974.48	122.81	16,430.62			
February 1, 2014	3,333.33	12,974.48	122.81	16,430.62			
March 1, 2014	3,333.34	12,974.48	122.81	16,430.63			
April 1, 2014	3,333.34	12,974.48	122.81	16,430.63			
May 1, 2014	3,333.34	12,974.48	122.81	16,430.63			
June 1, 2014	3,333.34	12,974.48	122.81	16,430.63	40,000.00	77,846.88	
July 1, 2014	3,333.33	12,774.48	122.81	16,230.62			
August 1, 2014	3,333.33	12,774.48	122.81	16,230.62			
September 1, 2014	3,333.33	12,774.48	122.81	16,230.62			
October 1, 2014	3,333.33	12,774.48	122.81	16,230.62			
November 1, 2014	3,333.33	12,774.48	122.81	16,230.62			
December 1, 2014	3,333.33	12,774.48	122.81	16,230.62		76,646.88	
January 1, 2015	3,333.33	12,774.48	122.81	16,230.62			
February 1, 2015	3,333.33	12,774.48	122.81	16,230.62			
March 1, 2015	3,333.34	12,774.48	122.81	16,230.63			
April 1, 2015	3,333.34	12,774.48	122.81	16,230.63			
May 1, 2015	3,333.34	12,774.48	122.81	16,230.63			
June 1, 2015	3,333.34	12,774.48	122.81	16,230.63	40,000.00	76,646.88	

	Schedule of Monthly Lease Payments				Debt Service Schedule		
	Putnam County Building Commission				Municipal Bond Commission		
	Deposits Due to the Municipal Bond Commission				*Payments Due to the Trustee*		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2015	3,750.00	12,574.48	122.81	16,447.29			
August 1, 2015	3,750.00	12,574.48	122.81	16,447.29			
September 1, 2015	3,750.00	12,574.48	122.81	16,447.29			
October 1, 2015	3,750.00	12,574.48	122.81	16,447.29			
November 1, 2015	3,750.00	12,574.48	122.81	16,447.29			
December 1, 2015	3,750.00	12,574.48	122.81	16,447.29		75,446.88	
January 1, 2016	3,750.00	12,574.48	122.81	16,447.29			
February 1, 2016	3,750.00	12,574.48	122.81	16,447.29			
March 1, 2016	3,750.00	12,574.48	122.81	16,447.29			
April 1, 2016	3,750.00	12,574.48	122.81	16,447.29			
May 1, 2016	3,750.00	12,574.48	122.81	16,447.29			
June 1, 2016	3,750.00	12,574.48	122.81	16,447.29	45,000.00	75,446.88	
July 1, 2016	4,166.66	12,340.10	122.81	16,629.57			
August 1, 2016	4,166.66	12,340.10	122.81	16,629.57			
September 1, 2016	4,166.66	12,340.10	122.81	16,629.57			
October 1, 2016	4,166.66	12,340.11	122.81	16,629.58			
November 1, 2016	4,166.67	12,340.11	122.81	16,629.59			
December 1, 2016	4,166.67	12,340.11	122.81	16,629.59		74,040.63	
January 1, 2017	4,166.67	12,340.10	122.81	16,629.58			
February 1, 2017	4,166.67	12,340.10	122.81	16,629.58			
March 1, 2017	4,166.67	12,340.10	122.81	16,629.58			
April 1, 2017	4,166.67	12,340.11	122.81	16,629.59			
May 1, 2017	4,166.67	12,340.11	122.81	16,629.59			
June 1, 2017	4,166.67	12,340.11	122.81	16,629.59	50,000.00	74,040.63	
July 1, 2017	4,166.66	12,079.68	122.81	16,369.15			
August 1, 2017	4,166.66	12,079.69	122.81	16,369.16			
September 1, 2017	4,166.66	12,079.69	122.81	16,369.16			
October 1, 2017	4,166.66	12,079.69	122.81	16,369.16			
November 1, 2017	4,166.67	12,079.69	122.81	16,369.17			
December 1, 2017	4,166.67	12,079.69	122.81	16,369.17		72,478.13	
January 1, 2018	4,166.67	12,079.68	122.81	16,369.16			
February 1, 2018	4,166.67	12,079.69	122.81	16,369.17			
March 1, 2018	4,166.67	12,079.69	122.81	16,369.17			
April 1, 2018	4,166.67	12,079.69	122.81	16,369.17			
May 1, 2018	4,166.67	12,079.69	122.81	16,369.17			
June 1, 2018	4,166.67	12,079.69	122.81	16,369.17	50,000.00	72,478.13	
July 1, 2018	4,583.33	11,819.27	122.81	16,525.41			
August 1, 2018	4,583.33	11,819.27	122.81	16,525.41			
September 1, 2018	4,583.33	11,819.27	122.81	16,525.41			
October 1, 2018	4,583.33	11,819.27	122.81	16,525.41			
November 1, 2018	4,583.33	11,819.27	122.81	16,525.41			
December 1, 2018	4,583.33	11,819.28	122.81	16,525.42		70,915.63	
January 1, 2019	4,583.33	11,819.27	122.81	16,525.41			
February 1, 2019	4,583.33	11,819.27	122.81	16,525.41			
March 1, 2019	4,583.34	11,819.27	122.81	16,525.42			
April 1, 2019	4,583.34	11,819.27	122.81	16,525.42			
May 1, 2019	4,583.34	11,819.27	122.81	16,525.42			
June 1, 2019	4,583.34	11,819.28	122.81	16,525.43	55,000.00	70,915.63	

	Schedule of Monthly Lease Payments				Debt Service Schedule		
	Putnam County Building Commission				Municipal Bond Commission		
	Deposits Due to the Municipal Bond Commission				*Payments Due to the Trustee*		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2019	5,000.00	11,532.81	122.81	16,655.62			
August 1, 2019	5,000.00	11,532.81	122.81	16,655.62			
September 1, 2019	5,000.00	11,532.81	122.81	16,655.62			
October 1, 2019	5,000.00	11,532.81	122.81	16,655.62			
November 1, 2019	5,000.00	11,532.82	122.81	16,655.63			
December 1, 2019	5,000.00	11,532.82	122.81	16,655.63		69,196.88	
January 1, 2020	5,000.00	11,532.81	122.81	16,655.62			
February 1, 2020	5,000.00	11,532.81	122.81	16,655.62			
March 1, 2020	5,000.00	11,532.81	122.81	16,655.62			
April 1, 2020	5,000.00	11,532.81	122.81	16,655.62			
May 1, 2020	5,000.00	11,532.82	122.81	16,655.63			
June 1, 2020	5,000.00	11,532.82	122.81	16,655.63	60,000.00	69,196.88	
July 1, 2020	5,000.00	11,220.31	122.81	16,343.12			
August 1, 2020	5,000.00	11,220.31	122.81	16,343.12			
September 1, 2020	5,000.00	11,220.31	122.81	16,343.12			
October 1, 2020	5,000.00	11,220.31	122.81	16,343.12			
November 1, 2020	5,000.00	11,220.32	122.81	16,343.13			
December 1, 2020	5,000.00	11,220.32	122.81	16,343.13		67,321.88	
January 1, 2021	5,000.00	11,220.31	122.81	16,343.12			
February 1, 2021	5,000.00	11,220.31	122.81	16,343.12			
March 1, 2021	5,000.00	11,220.31	122.81	16,343.12			
April 1, 2021	5,000.00	11,220.31	122.81	16,343.12			
May 1, 2021	5,000.00	11,220.32	122.81	16,343.13			
June 1, 2021	5,000.00	11,220.32	122.81	16,343.13	60,000.00	67,321.88	
July 1, 2021	5,416.66	10,914.06	122.81	16,453.53			
August 1, 2021	5,416.66	10,914.06	122.81	16,453.53			
September 1, 2021	5,416.66	10,914.06	122.81	16,453.53			
October 1, 2021	5,416.66	10,914.06	122.81	16,453.53			
November 1, 2021	5,416.67	10,914.07	122.81	16,453.55			
December 1, 2021	5,416.67	10,914.07	122.81	16,453.55		65,484.38	
January 1, 2022	5,416.67	10,914.06	122.81	16,453.54			
February 1, 2022	5,416.67	10,914.06	122.81	16,453.54			
March 1, 2022	5,416.67	10,914.06	122.81	16,453.54			
April 1, 2022	5,416.67	10,914.06	122.81	16,453.54			
May 1, 2022	5,416.67	10,914.07	122.81	16,453.55			
June 1, 2022	5,416.67	10,914.07	122.81	16,453.55	65,000.00	65,484.38	
July 1, 2022	5,833.33	10,582.29	122.81	16,538.43			
August 1, 2022	5,833.33	10,582.29	122.81	16,538.43			
September 1, 2022	5,833.33	10,582.29	122.81	16,538.43			
October 1, 2022	5,833.33	10,582.29	122.81	16,538.43			
November 1, 2022	5,833.33	10,582.29	122.81	16,538.43			
December 1, 2022	5,833.33	10,582.30	122.81	16,538.44		63,493.75	
January 1, 2023	5,833.33	10,582.29	122.81	16,538.43			
February 1, 2023	5,833.33	10,582.29	122.81	16,538.43			
March 1, 2023	5,833.34	10,582.29	122.81	16,538.44			
April 1, 2023	5,833.34	10,582.29	122.81	16,538.44			
May 1, 2023	5,833.34	10,582.29	122.81	16,538.44			
June 1, 2023	5,833.34	10,582.30	122.81	16,538.45	70,000.00	63,493.75	

	Schedule of Monthly Lease Payments Putnam County Building Commission *Deposits Due to the Municipal Bond Commission*				Debt Service Schedule Municipal Bond Commission *Payments Due to the Trustee*		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2023	6,250.00	10,225.00	122.81	16,597.81			
August 1, 2023	6,250.00	10,225.00	122.81	16,597.81			
September 1, 2023	6,250.00	10,225.00	122.81	16,597.81			
October 1, 2023	6,250.00	10,225.00	122.81	16,597.81			
November 1, 2023	6,250.00	10,225.00	122.81	16,597.81			
December 1, 2023	6,250.00	10,225.00	122.81	16,597.81		61,350.00	
January 1, 2024	6,250.00	10,225.00	122.81	16,597.81			
February 1, 2024	6,250.00	10,225.00	122.81	16,597.81			
March 1, 2024	6,250.00	10,225.00	122.81	16,597.81			
April 1, 2024	6,250.00	10,225.00	122.81	16,597.81			
May 1, 2024	6,250.00	10,225.00	122.81	16,597.81			
June 1, 2024	6,250.00	10,225.00	122.81	16,597.81	75,000.00	61,350.00	
July 1, 2024	6,666.66	9,842.18	122.81	16,631.65			
August 1, 2024	6,666.66	9,842.19	122.81	16,631.66			
September 1, 2024	6,666.66	9,842.19	122.81	16,631.66			
October 1, 2024	6,666.66	9,842.19	122.81	16,631.66			
November 1, 2024	6,666.67	9,842.19	122.81	16,631.67			
December 1, 2024	6,666.67	9,842.19	122.81	16,631.67		59,053.13	
January 1, 2025	6,666.67	9,842.18	122.81	16,631.66			
February 1, 2025	6,666.67	9,842.19	122.81	16,631.67			
March 1, 2025	6,666.67	9,842.19	122.81	16,631.67			
April 1, 2025	6,666.67	9,842.19	122.81	16,631.67			
May 1, 2025	6,666.67	9,842.19	122.81	16,631.67			
June 1, 2025	6,666.67	9,842.19	122.81	16,631.67	80,000.00	59,053.13	
July 1, 2025	6,666.66	9,433.85	122.81	16,223.32			
August 1, 2025	6,666.66	9,433.85	122.81	16,223.32			
September 1, 2025	6,666.66	9,433.85	122.81	16,223.32			
October 1, 2025	6,666.66	9,433.86	122.81	16,223.33			
November 1, 2025	6,666.67	9,433.86	122.81	16,223.34			
December 1, 2025	6,666.67	9,433.86	122.81	16,223.34		56,603.13	
January 1, 2026	6,666.67	9,433.85	122.81	16,223.33			
February 1, 2026	6,666.67	9,433.85	122.81	16,223.33			
March 1, 2026	6,666.67	9,433.85	122.81	16,223.33			
April 1, 2026	6,666.67	9,433.86	122.81	16,223.34			
May 1, 2026	6,666.67	9,433.86	122.81	16,223.34			
June 1, 2026	6,666.67	9,433.86	122.81	16,223.34	80,000.00	56,603.13	
July 1, 2026	7,500.00	9,017.18	122.81	16,639.99			
August 1, 2026	7,500.00	9,017.19	122.81	16,640.00			
September 1, 2026	7,500.00	9,017.19	122.81	16,640.00			
October 1, 2026	7,500.00	9,017.19	122.81	16,640.00			
November 1, 2026	7,500.00	9,017.19	122.81	16,640.00			
December 1, 2026	7,500.00	9,017.19	122.81	16,640.00		54,103.13	
January 1, 2027	7,500.00	9,017.18	122.81	16,639.99			
February 1, 2027	7,500.00	9,017.19	122.81	16,640.00			
March 1, 2027	7,500.00	9,017.19	122.81	16,640.00			
April 1, 2027	7,500.00	9,017.19	122.81	16,640.00			
May 1, 2027	7,500.00	9,017.19	122.81	16,640.00			
June 1, 2027	7,500.00	9,017.19	122.81	16,640.00	90,000.00	54,103.13	

	Schedule of Monthly Lease Payments				Debt Service Schedule		
	Putnam County Building Commission				Municipal Bond Commission		
	Deposits Due to the Municipal Bond Commission				*Payments Due to the Trustee*		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2027	7,916.66	8,548.43	122.81	16,587.90			
August 1, 2027	7,916.66	8,548.44	122.81	16,587.91			
September 1, 2027	7,916.66	8,548.44	122.81	16,587.91			
October 1, 2027	7,916.66	8,548.44	122.81	16,587.91			
November 1, 2027	7,916.67	8,548.44	122.81	16,587.92			
December 1, 2027	7,916.67	8,548.44	122.81	16,587.92		51,290.63	
January 1, 2028	7,916.67	8,548.43	122.81	16,587.91			
February 1, 2028	7,916.67	8,548.44	122.81	16,587.92			
March 1, 2028	7,916.67	8,548.44	122.81	16,587.92			
April 1, 2028	7,916.67	8,548.44	122.81	16,587.92			
May 1, 2028	7,916.67	8,548.44	122.81	16,587.92			
June 1, 2028	7,916.67	8,548.44	122.81	16,587.92	95,000.00	51,290.63	
July 1, 2028	8,333.33	8,053.64	122.81	16,509.78			
August 1, 2028	8,333.33	8,053.64	122.81	16,509.78			
September 1, 2028	8,333.33	8,053.65	122.81	16,509.79			
October 1, 2028	8,333.33	8,053.65	122.81	16,509.79			
November 1, 2028	8,333.33	8,053.65	122.81	16,509.79			
December 1, 2028	8,333.33	8,053.65	122.81	16,509.79		48,321.88	
January 1, 2029	8,333.33	8,053.64	122.81	16,509.78			
February 1, 2029	8,333.33	8,053.64	122.81	16,509.78			
March 1, 2029	8,333.34	8,053.65	122.81	16,509.80			
April 1, 2029	8,333.34	8,053.65	122.81	16,509.80			
May 1, 2029	8,333.34	8,053.65	122.81	16,509.80			
June 1, 2029	8,333.34	8,053.65	122.81	16,509.80	100,000.00	48,321.88	
July 1, 2029	8,750.00	7,532.81	122.81	16,405.62			
August 1, 2029	8,750.00	7,532.81	122.81	16,405.62			
September 1, 2029	8,750.00	7,532.81	122.81	16,405.62			
October 1, 2029	8,750.00	7,532.81	122.81	16,405.62			
November 1, 2029	8,750.00	7,532.82	122.81	16,405.63			
December 1, 2029	8,750.00	7,532.82	122.81	16,405.63		45,196.88	
January 1, 2030	8,750.00	7,532.81	122.81	16,405.62			
February 1, 2030	8,750.00	7,532.81	122.81	16,405.62			
March 1, 2030	8,750.00	7,532.81	122.81	16,405.62			
April 1, 2030	8,750.00	7,532.81	122.81	16,405.62			
May 1, 2030	8,750.00	7,532.82	122.81	16,405.63			
June 1, 2030	8,750.00	7,532.82	122.81	16,405.63	105,000.00	45,196.88	
July 1, 2030	9,166.66	6,985.93	122.81	16,275.40			
August 1, 2030	9,166.66	6,985.94	122.81	16,275.41			
September 1, 2030	9,166.66	6,985.94	122.81	16,275.41			
October 1, 2030	9,166.66	6,985.94	122.81	16,275.41			
November 1, 2030	9,166.67	6,985.94	122.81	16,275.42			
December 1, 2030	9,166.67	6,985.94	122.81	16,275.42		41,915.63	
January 1, 2031	9,166.67	6,985.93	122.81	16,275.41			
February 1, 2031	9,166.67	6,985.94	122.81	16,275.42			
March 1, 2031	9,166.67	6,985.94	122.81	16,275.42			
April 1, 2031	9,166.67	6,985.94	122.81	16,275.42			
May 1, 2031	9,166.67	6,985.94	122.81	16,275.42			
June 1, 2031	9,166.67	6,985.94	122.81	16,275.42	110,000.00	41,915.63	

	Schedule of Monthly Lease Payments				Debt Service Schedule		
	Putnam County Building Commission				Municipal Bond Commission		
	Deposits Due to the Municipal Bond Commission				*Payments Due to the Trustee*		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2031	10,000.00	6,401.56	122.81	16,524.37			
August 1, 2031	10,000.00	6,401.56	122.81	16,524.37			
September 1, 2031	10,000.00	6,401.56	122.81	16,524.37			
October 1, 2031	10,000.00	6,401.56	122.81	16,524.37			
November 1, 2031	10,000.00	6,401.57	122.81	16,524.38			
December 1, 2031	10,000.00	6,401.57	122.81	16,524.38		38,409.38	
January 1, 2032	10,000.00	6,401.56	122.81	16,524.37			
February 1, 2032	10,000.00	6,401.56	122.81	16,524.37			
March 1, 2032	10,000.00	6,401.56	122.81	16,524.37			
April 1, 2032	10,000.00	6,401.56	122.81	16,524.37			
May 1, 2032	10,000.00	6,401.57	122.81	16,524.38			
June 1, 2032	10,000.00	6,401.57	122.81	16,524.38	120,000.00	38,409.38	
July 1, 2032	10,416.66	5,764.06	122.81	16,303.53			
August 1, 2032	10,416.66	5,764.06	122.81	16,303.53			
September 1, 2032	10,416.66	5,764.06	122.81	16,303.53			
October 1, 2032	10,416.66	5,764.06	122.81	16,303.53			
November 1, 2032	10,416.67	5,764.07	122.81	16,303.55			
December 1, 2032	10,416.67	5,764.07	122.81	16,303.55		34,584.38	
January 1, 2033	10,416.67	5,764.06	122.81	16,303.54			
February 1, 2033	10,416.67	5,764.06	122.81	16,303.54			
March 1, 2033	10,416.67	5,764.06	122.81	16,303.54			
April 1, 2033	10,416.67	5,764.06	122.81	16,303.54			
May 1, 2033	10,416.67	5,764.07	122.81	16,303.55			
June 1, 2033	10,416.67	5,764.07	122.81	16,303.55	125,000.00	34,584.38	
July 1, 2033	11,250.00	5,100.00	122.81	16,472.81			
August 1, 2033	11,250.00	5,100.00	122.81	16,472.81			
September 1, 2033	11,250.00	5,100.00	122.81	16,472.81			
October 1, 2033	11,250.00	5,100.00	122.81	16,472.81			
November 1, 2033	11,250.00	5,100.00	122.81	16,472.81			
December 1, 2033	11,250.00	5,100.00	122.81	16,472.81		30,600.00	
January 1, 2034	11,250.00	5,100.00	122.81	16,472.81			
February 1, 2034	11,250.00	5,100.00	122.81	16,472.81			
March 1, 2034	11,250.00	5,100.00	122.81	16,472.81			
April 1, 2034	11,250.00	5,100.00	122.81	16,472.81			
May 1, 2034	11,250.00	5,100.00	122.81	16,472.81			
June 1, 2034	11,250.00	5,100.00	122.81	16,472.81	135,000.00	30,600.00	
July 1, 2034	12,083.33	4,382.81	122.81	16,588.95			
August 1, 2034	12,083.33	4,382.81	122.81	16,588.95			
September 1, 2034	12,083.33	4,382.81	122.81	16,588.95			
October 1, 2034	12,083.33	4,382.81	122.81	16,588.95			
November 1, 2034	12,083.33	4,382.82	122.81	16,588.96			
December 1, 2034	12,083.33	4,382.82	122.81	16,588.96		26,296.88	
January 1, 2035	12,083.33	4,382.81	122.81	16,588.95			
February 1, 2035	12,083.33	4,382.81	122.81	16,588.95			
March 1, 2035	12,083.34	4,382.81	122.81	16,588.96			
April 1, 2035	12,083.34	4,382.81	122.81	16,588.96			
May 1, 2035	12,083.34	4,382.82	122.81	16,588.97			
June 1, 2035	12,083.34	4,382.82	122.81	16,588.97	145,000.00	26,296.88	

	Schedule of Monthly Lease Payments				Debt Service Schedule		
	Putnam County Building Commission				Municipal Bond Commission		
	Deposits Due to the Municipal Bond Commission				*Payments Due to the Trustee*		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
July 1, 2035	12,916.66	3,612.50	122.81	16,651.97			
August 1, 2035	12,916.66	3,612.50	122.81	16,651.97			
September 1, 2035	12,916.66	3,612.50	122.81	16,651.97			
October 1, 2035	12,916.66	3,612.50	122.81	16,651.97			
November 1, 2035	12,916.67	3,612.50	122.81	16,651.98			
December 1, 2035	12,916.67	3,612.50	122.81	16,651.98		21,675.00	
January 1, 2036	12,916.67	3,612.50	122.81	16,651.98			
February 1, 2036	12,916.67	3,612.50	122.81	16,651.98			
March 1, 2036	12,916.67	3,612.50	122.81	16,651.98			
April 1, 2036	12,916.67	3,612.50	122.81	16,651.98			
May 1, 2036	12,916.67	3,612.50	122.81	16,651.98			
June 1, 2036	12,916.67	3,612.50	122.81	16,651.98	155,000.00	21,675.00	
July 1, 2036	13,750.00	2,789.06	122.81	16,661.87			
August 1, 2036	13,750.00	2,789.06	122.81	16,661.87			
September 1, 2036	13,750.00	2,789.06	122.81	16,661.87			
October 1, 2036	13,750.00	2,789.06	122.81	16,661.87			
November 1, 2036	13,750.00	2,789.07	122.81	16,661.88			
December 1, 2036	13,750.00	2,789.07	122.81	16,661.88		16,734.38	
January 1, 2037	13,750.00	2,789.06	122.81	16,661.87			
February 1, 2037	13,750.00	2,789.06	122.81	16,661.87			
March 1, 2037	13,750.00	2,789.06	122.81	16,661.87			
April 1, 2037	13,750.00	2,789.06	122.81	16,661.87			
May 1, 2037	13,750.00	2,789.07	122.81	16,661.88			
June 1, 2037	13,750.00	2,789.07	122.81	16,661.88	165,000.00	16,734.38	
July 1, 2037	14,583.33	1,912.50	122.81	16,618.64			
August 1, 2037	14,583.33	1,912.50	122.81	16,618.64			
September 1, 2037	14,583.33	1,912.50	122.81	16,618.64			
October 1, 2037	14,583.33	1,912.50	122.81	16,618.64			
November 1, 2037	14,583.33	1,912.50	122.81	16,618.64			
December 1, 2037	14,583.33	1,912.50	122.81	16,618.64		11,475.00	
January 1, 2038	14,583.33	1,912.50	122.81	16,618.64			
February 1, 2038	14,583.33	1,912.50	122.81	16,618.64			
March 1, 2038	14,583.33	1,912.50	122.81	16,618.64			
April 1, 2038	14,583.33	1,912.50	122.81	16,618.64			
May 1, 2038	14,583.33	1,912.50	122.81	16,618.64			
June 1, 2038	14,583.37	1,912.50	122.81	16,618.68	175,000.00	11,475.00	
July 1, 2038	15,416.66	982.81	122.81	16,522.28			
August 1, 2038	15,416.66	982.81	122.81	16,522.28			
September 1, 2038	15,416.66	982.81	122.81	16,522.28			
October 1, 2038	15,416.66	982.81	122.81	16,522.28			
November 1, 2038	15,416.67	982.82	122.81	16,522.30			
December 1, 2038	15,416.67	982.82	122.81	16,522.30		5,896.88	
January 1, 2039	15,416.67	982.81	122.81	16,522.29			
February 1, 2039	15,416.67	982.81	122.81	16,522.29			
March 1, 2039	15,416.67	982.81	122.81	16,522.29			
April 1, 2039	15,416.67	982.81	122.81	16,522.29			
May 1, 2039	15,416.67	982.82	122.81	16,522.30			
June 1, 2039	15,416.67	982.82	122.81	16,522.30	185,000.00	5,896.88	

	Schedule of Monthly Lease Payments Putnam County Building Commission *Deposits Due to the Municipal Bond Commission*				Debt Service Schedule Municipal Bond Commission *Payments Due to the Trustee*		
Payment Date (1)	Principal	Interest (2)	Admin Fee	Total	Principal	Interest	Accrued Interest (3)
TOTALS	3,800,000.00	5,216,831.78	67,743.77	9,084,575.55	3,800,000.00	5,216,831.78	15,646.01

(1) Deposits are due with the Municipal Bond Commission two (2) working day prior to the first of each month.

(2) Excludes Accrued Interest of $15,646.01 deposited with the Trustee on January 26, 2000.

(3) Includes Accrued Interest of $15,646.01 deposited with the Trustee on January 26, 2000 and will require approximately $97,005.24 in debt service funds for the June 1, 2000, deposit with the Trustee. The final amount of the deposit will need to be finalized on May 31, 2000, by the West Virginia Water Development Authority and the Municipal Bond Commission.

Putnam County Building Commission (West Virginia)

WDA Loans (Loan Program III)

Series B (Governmental Lease Payments)

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2000	-	-	112,651.25	112,651.25
12/01/2000	-	-	112,651.25	112,651.25
6/01/2001	100,000.00	4.350%	112,651.25	212,651.25
12/01/2001	-	-	110,476.25	110,476.25
6/01/2002	100,000.00	4.800%	110,476.25	210,476.25
12/01/2002	-	-	108,076.25	108,076.25
6/01/2003	105,000.00	5.000%	108,076.25	213,076.25
12/01/2003	-	-	105,451.25	105,451.25
6/01/2004	110,000.00	5.000%	105,451.25	215,451.25
12/01/2004	-	-	102,701.25	102,701.25
6/01/2005	115,000.00	5.125%	102,701.25	217,701.25
12/01/2005	-	-	99,754.38	99,754.38
6/01/2006	125,000.00	5.250%	99,754.38	224,754.38
12/01/2006	-	-	96,473.13	96,473.13
6/01/2007	130,000.00	5.375%	96,473.13	226,473.13
12/01/2007	-	-	92,979.38	92,979.38
6/01/2008	135,000.00	5.400%	92,979.38	227,979.38
12/01/2008	-	-	89,334.38	89,334.38
6/01/2009	145,000.00	5.500%	89,334.38	234,334.38
12/01/2009	-	-	85,346.88	85,346.88
6/01/2010	150,000.00	5.600%	85,346.88	235,346.88
12/01/2010	-	-	81,146.88	81,146.88
6/01/2011	35,000.00	6.000%	81,146.88	116,146.88
12/01/2011	-	-	80,096.88	80,096.88
6/01/2012	35,000.00	6.000%	80,096.88	115,096.88
12/01/2012	-	-	79,046.88	79,046.88
6/01/2013	40,000.00	6.000%	79,046.88	119,046.88
12/01/2013	-	-	77,846.88	77,846.88
6/01/2014	40,000.00	6.000%	77,846.88	117,846.88
12/01/2014	-	-	76,646.88	76,646.88
6/01/2015	40,000.00	6.000%	76,646.88	116,646.88
12/01/2015	-	-	75,446.88	75,446.88
6/01/2016	45,000.00	6.250%	75,446.88	120,446.88
12/01/2016	-	-	74,040.63	74,040.63
6/01/2017	50,000.00	6.250%	74,040.63	124,040.63
12/01/2017	-	-	72,478.13	72,478.13
6/01/2018	50,000.00	6.250%	72,478.13	122,478.13
12/01/2018	-	-	70,915.63	70,915.63
6/01/2019	55,000.00	6.250%	70,915.63	125,915.63
12/01/2019	-	-	69,196.88	69,196.88
6/01/2020	60,000.00	6.250%	69,196.88	129,196.88
12/01/2020	-	-	67,321.88	67,321.88
6/01/2021	60,000.00	6.125%	67,321.88	127,321.88
12/01/2021	-	-	65,484.38	65,484.38
6/01/2022	65,000.00	6.125%	65,484.38	130,484.38

Putnam County Building Commission (West Virginia)

WDA Loans (Loan Program III)

Series B (Governmental Lease Payments)

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
12/01/2022	-	-	63,493.75	63,493.75
6/01/2023	70,000.00	6.125%	63,493.75	133,493.75
12/01/2023	-	-	61,350.00	61,350.00
6/01/2024	75,000.00	6.125%	61,350.00	136,350.00
12/01/2024	-	-	59,053.13	59,053.13
6/01/2025	80,000.00	6.125%	59,053.13	139,053.13
12/01/2025	-	-	56,603.13	56,603.13
6/01/2026	80,000.00	6.250%	56,603.13	136,603.13
12/01/2026	-	-	54,103.13	54,103.13
6/01/2027	90,000.00	6.250%	54,103.13	144,103.13
12/01/2027	-	-	51,290.63	51,290.63
6/01/2028	95,000.00	6.250%	51,290.63	146,290.63
12/01/2028	-	-	48,321.88	48,321.88
6/01/2029	100,000.00	6.250%	48,321.88	148,321.88
12/01/2029	-	-	45,196.88	45,196.88
6/01/2030	105,000.00	6.250%	45,196.88	150,196.88
12/01/2030	-	-	41,915.63	41,915.63
6/01/2031	110,000.00	6.375%	41,915.63	151,915.63
12/01/2031	-	-	38,409.38	38,409.38
6/01/2032	120,000.00	6.375%	38,409.38	158,409.38
12/01/2032	-	-	34,584.38	34,584.38
6/01/2033	125,000.00	6.375%	34,584.38	159,584.38
12/01/2033	-	-	30,600.00	30,600.00
6/01/2034	135,000.00	6.375%	30,600.00	165,600.00
12/01/2034	-	-	26,296.88	26,296.88
6/01/2035	145,000.00	6.375%	26,296.88	171,296.88
12/01/2035	-	-	21,675.00	21,675.00
6/01/2036	155,000.00	6.375%	21,675.00	176,675.00
12/01/2036	-	-	16,734.38	16,734.38
6/01/2037	165,000.00	6.375%	16,734.38	181,734.38
12/01/2037	-	-	11,475.00	11,475.00
6/01/2038	175,000.00	6.375%	11,475.00	186,475.00
12/01/2038	-	-	5,896.88	5,896.88
6/01/2039	185,000.00	6.375%	5,896.88	190,896.88
Total	**3,800,000.00**	-	**5,232,477.79**	**9,032,477.79** *

Ferris, Baker Watts, Inc.

West Virginia Public Finance Department

File = wda2000d.sf-Putnam-Putnam B

1/26/2000 9:29 AM

*Plus administrative fee as set forth on Schedule Y.

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 11th day of January, 2000.

CASE NO. 99-0674-PWD-PC-CN

WEST VIRGINIA-AMERICAN WATER COMPANY,
THE COUNTY COMMISSION OF PUTNAM COUNTY
and THE PUTNAM COUNTY BUILDING COMMISSION

Application for Consent and Approval of Operations and Maintenance Agreements between Company and Building Commission and related financial transactions, consent and approval to the requested rate making approvals, and application for certificate of convenience and necessity for the construction by the Building Commission of certain water transmission, distribution, and pumping facilities to provide potable water or enhanced water service to areas within Putnam County.

COMMISSION ORDER

On May 18, 1999, the West Virginia-American Water Company (Company), The County Commission of Putnam County (County Commission) and The Putnam County Building Commission (Building Commission) (collectively, "Applicants"), filed a joint application for approval of an operation and maintenance agreement[1], the approval of the related transactions and certain rate making treatment and for the issuance of a certificate of public convenience and necessity to the Building Commission for the construction of certain facilities as set forth in the application. The cost of the proposed project was estimated to be approximately $13.198 million. The Applicants noted that this filing replaced Case No. 98-0312-W-PWD-PC, which the Applicants simultaneously withdrew. The Applicants represented that the May 18, 1999 filing included slight modifications to

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1 As explained below, the Applicants, by filing on November 18, 1999, separated the operation and maintenance agreement into two agreements in order to facilitate financing.

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The Applicants represented that the May 18, 1999 filing included slight modifications to the scope and funding of Case No. 98-0312-W-PWD-PC.

Through this filing, the Applicants seek approval of a public/private partnership to provide potable water to unserved or underserved areas of Putnam County. The project involves 14 separate extensions of service to 759 new customers. These facilities will be constructed and owned in part by the Company, to the extent of the Company's investment, and in part by the Building Commission, to the extent the facilities are constructed with proceeds of bonds issued by the Building Commission. Because the portion of the project to be constructed and owned by the Company consists of ordinary extensions of the Company's existing system for which a certificate of convenience and necessity is not required under *West Virginia Code* §24-2-11, the certificate application contained in this filing pertains only to those portions of the project to be constructed and owned by the Building Commission.

With respect to the facilities to be owned by the Building Commission, the Building Commission has agreed to issue bonds to fund the construction of its portions of the project, approve and make payments for construction, and accept certain responsibilities with respect to receipt of bids, awarding of contracts, construction, processing of bills for payment of construction, and ownership.

Construction of the facilities is proposed to be funded through the following:

(1) A Series Bonds to be issued by the Building Commission in the amount of $7,435,324.00 at 5.5% annual interest, for a term of 40 years;

(2) B Series Bonds to be issued by the Building Commission in the amount of $4,173,076.00 at 5.5% annual interest, for a term of 40 years; and

(4) investment by the Company in the amount of $1,590,000.00.

Repayment of the bonds will be through a Use Fee to be paid by the Company to the Building Commission during the terms of the Operation and Maintenance Agreements; the income stream generated by a $12.00 per month surcharge for customers to be served from the new construction; and an annual commitment of $200,000.00 from the County Commission, subject to annual appropriation at the discretion of the County Commission.

The Use Fee to be paid by the Company during the terms of the Operating and Maintenance Agreements represents the Company's payment for the use of facilities owned by the Building Commission or County Commission. The Use Fee will be calculated based on facilities in Putnam County, identified in the joint application, that

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are scheduled to be acquired or constructed by the Company (IDB Properties). When acquisition or construction of the IDB Properties is complete, the Company will convey the IDB Properties to the Building Commission or County Commission in exchange for Industrial Development Bonds to be issued by the County Commission, pursuant to the Industrial Development Bond and Commercial Development Act, *West Virginia Code* §§ 13-2C-1, *et seq.*

Following the transfer of ownership, the County Commission will lease the IDB Properties to the Company for 40 years, pursuant to the Capital Lease attached to the joint application. As the County Commission will own the IDB Properties, the Company will not have to pay property taxes on the IDB Properties, and will be in a position to pay the Use Fee.

Pursuant to the Operation and Maintenance Agreements, the Company will, at its expense, operate, maintain, repair and replace all facilities included in this project, including the portion of the facilities to be owned by the Building Commission, and, as the agent for the Building Commission, read meters and bill the customers of the Building Commission. In return, the Company will bill and collect, on a monthly basis, from customers of the Building Commission, the Company's then effective rates and charges, and the 120 month (or ten year) $12.00 surcharge identified above.

The Company has requested rate base treatment of the portion of the project to be owned by it, as well as for the IDB properties to be conveyed to the County Commission. This requested rate base treatment is identical to the treatment granted by the Commission in the construction financed by the Company in the Fayette County Project, Case No. 96-1477-W-PWD-PC-CN. The Company has also requested specific approval of the above-identified Capital Lease, allowance of the above-identified Use Fee in its cost of service for rate making purposes, and the use and imposition of the above-identified $12.00 monthly surcharge.

The Company explained that approval of this project will permit the Company to avoid substantial capital improvements that would otherwise be necessary to renovate its Culloden Water Treatment Plant and Hamlin Treatment Plant. The project would also put the Company in a better position to provide water service to certain additional communities if needed, requested and cost effective. Finally, this project together with the Cabell County Project, which was approved in Case No. 98-0774-W-PWD-CN, will put the Company in a position to complete the interconnection of its Kanawha Valley and Huntington distribution systems.

By Order issued May 19, 1999, the Commission required the Applicants to publish a Notice of Filing with regard to the filing. On June 7, 1999, the Commission received

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an affidavit of publication evidencing publication of the notice in *The Hurricane Breeze* on May 27, 1999. The protest period provided under *West Virginia Code* §24-2-11 expired on June 26, 1999. No protests were filed.

On June 1, 1999, the Company filed an Outline of Steps Previously Taken or To Be Taken to Complete Putnam County Project.

On June 14, 1999, Commission Staff filed its Initial Joint Staff Memorandum stating that Staff would file a further memorandum when its review of this filing was complete. Staff recommended that the Commission retain this case to permit expedited processing.

On July 29, 1999, the Company completed its filing of the plans and drawings for the project.

On November 18, 1999, the Applicants filed a letter explaining that the Operation and Maintenance Agreement filed with the May 18, 1999 petition had been separated into two separate agreements with certain revisions to facilitate financing for the project. The Applicants represented that the two agreements would not change the operational framework or scope of financing for the project.

On December 3, 1999, Commission Staff filed its Final Joint Staff Memorandum recommending approval of the Operation and Maintenance Agreements, without specifically approving the terms and conditions thereof, issuance of the certificate of convenience and necessity to the Building Commission, and approval of the related financing and rate making treatment. Staff's recommendations were based on its review of the plans and specifications for the project, the fact that bids for construction were lower than the estimates for the cost of the extensions, resulting in a total project construction cost per customer of approximately $12,500.00. Staff further noted that the West Virginia Bureau of Public Health had issued a permit for the project. Staff also recommended, however, that the Commission's granting of the certificate of convenience and necessity be contingent upon the Building Commission filing a specific statement as to the area that will be served by the project.

On December 6, 1999, the Company filed a letter stating that it had no comments or objections to Staff's December 3, 1999 Memorandum.

On January 5, 2000, the Company filed a letter explaining that although the Joint application originally indicated that the Building Commission would issue three series of bonds to finance its construction, it has since determined that the B and C series bonds

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would be combined into a single B series with a 40 year term[2]. The Company further explained that the projected dollar figures for the sources and uses of funds as listed in the Joint application may change, and requested that the Commission approve the structure of the funding, and not the actual dollar figures. The Company made this request in the hope of avoiding the need to petition to reopen this case when final funding is determined.

The Commission will not grant the Company's request to approve only the structure, and not the dollar amount, of the project funding in this proceeding. The cost of a project is an important consideration in the Commission's evaluation of whether the public convenience and necessity require that project pursuant to *West Virginia Code* 24-2-11. Although the Company has indicated that it does not expect the total construction costs or the Company's use fee to change, the Commission believes it is preferable to require a petition to reopen to assure that total construction costs, the use fee, and resulting costs to consumers, will not change. It is the Commission's practice to act on such petitions to reopen in a prompt manner.

Based on the foregoing and upon the Commission's review, it is appropriate to grant the certificate and approve the Operation and Maintenance Agreements, the project funding, the Use Fee, the Capital Lease, the $12.00 monthly surcharge, and the Company's requested rate base treatment. Furthermore, the certificate will be granted contingent upon a requirement that at the time of, or prior to, substantial completion of the project, the Building Commission file a statement of the project facilities owned by it.

FINDINGS OF FACT

1. The Applicants seek approval of a public/private partnership to provide potable water to unserved or underserved areas of Putnam County. The project involves 14 separate extensions of service to 759 new customers.

2. These facilities will be constructed and owned in part by the Company, to the extent of the Company's investment, and in part by the Building Commission, to the extent the facilities are constructed with proceeds of bonds issued by the Building Commission.

3. The portion of the project to be constructed and owned by the Company consists of ordinary extensions of the Company's existing system for which a certificate of convenience and necessity is not required under *West Virginia Code* §24-2-11.

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[2] This change is reflected in the Commission's earlier discussion of the project funding.

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4. The certificate application contained in this filing pertains only to those portions of the project to be constructed and owned by the Building Commission.

5. With respect to the facilities to be owned by the Building Commission, the Building Commission has agreed to issue bonds to fund such construction, approve and make payments for construction, and accept certain responsibilities with respect to receipt of bids, awarding of contracts, construction, processing of bills for payment of construction, and ownership.

6. Construction of the facilities is proposed to be funded through the following:

(1) A Series Bonds to be issued by the Building Commission in the amount of $7,435,324.00 at 5.5% annual interest, for a term of 40 years;

(2) B Series Bonds to be issued by the Building Commission in the amount of $4,173,076.00 at 5.5% annual interest, for a term of 40 years; and

(3) investment by the Company in the amount of $1,590,000.00.

7. Repayment of the bonds will be through a Use Fee to be paid by the Company to the Building Commission during the terms of the Operation and Maintenance Agreements; the income stream generated by a $12 per month surcharge for customers to be served from the new construction; and an annual commitment of $200,000 from the County Commission, subject to annual appropriation at the discretion of the County Commission.

8. The Use Fee to be paid by the Company during the terms of the Operating and Maintenance Agreements represents the Company's payment for the use of facilities owned by the Building Commission or County Commission.

9. The Use Fee will be calculated based on facilities in Putnam County, identified in the joint application, that are scheduled to be acquired or constructed by the Company (IDB Properties).

10. When acquisition or construction of the IDB Properties is complete, the Company will convey the IDB Properties to the Building Commission or County Commission in exchange for Industrial Development Bonds to be issued by the County Commission pursuant to the Industrial Development Bond and Commercial Development Act, *West Virginia Code* §§ 13-2C-1, *et seq.*

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11. Following the transfer of ownership, the County Commission will lease the IDB Properties to the Company for 40 years pursuant to the Capital Lease attached to the joint application. As the County Commission will own the IDB Properties, the Company will not have to pay property taxes on the IDB Properties, and will be in a position to pay the Use Fee.

12. Pursuant to the Operation and Maintenance Agreements, the Company will, at its expense, operate, maintain, repair and replace all facilities included in this project, including the portion of the facilities to be owned by the Building Commission, and, as agent for the Building Commission, read meters and bill the customers of the Building Commission. In return, the Company will bill and collect, on a monthly basis, from customers of the Building Commission, the Company's then effective rates and charges, and the 120 month (or ten year) $12.00 surcharge identified above.

13. The Company has requested rate base treatment of the portion of the project to be owned by it as well as for the IDB properties to be conveyed to the County Commission.

14. This requested rate base treatment is identical to the treatment granted by the Commission in the construction financed by the Company in the Fayette County Project, Case No. 96-1477-W-PWD-PC-CN.

15. The Company has also requested specific approval of the above-identified Capital Lease, allowance of the above-identified Use Fee in its cost of service for rate making purposes, and the use and imposition of the above-identified $12.00 monthly surcharge.

16. This project was properly noticed to the public and the protest period provided under *West Virginia Code* §24-2-11 expired on June 26, 1999. No protests were filed.

17. On November 18, 1999, the Applicants filed a letter explaining that the Operation and Maintenance Agreement filed with the May 18, 1999 petition had been separated into two separate agreements with certain revisions to facilitate financing for the project. The Applicants represented that the two agreements would not change the operational framework or scope of financing for the project.

18. On December 3, 1999, Commission Staff filed its Final Joint Staff Memorandum recommending approval of the Operation and Maintenance Agreements, without specifically approving the terms and conditions thereof, issuance of the certificate of convenience and necessity to the Building Commission, and approval of the related

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financing and rate making treatment.

19. Staff noted that the West Virginia Bureau of Public Health had issued a permit for the project.

20. Staff recommended that the Commission's granting of the certificate of convenience and necessity be contingent upon the Building Commission filing a specific statement as to the area that will be served by the project.

21. On December 6, 1999, the Company filed a letter stating that it had no comments or objections to Staff's December 3, 1999 Memorandum.

22. On January 5, 2000, the Company filed a letter explaining that although the Joint application originally indicated that the Building Commission would issue three series of bonds to finance its construction, it has since determined that the B and C series bonds would be combined into a single B series with a 40 year term.

23. The Company further explained that the projected dollar figures for the sources and uses of funds as listed in the Joint application may change, and requested that the Commission approve only the structure of the funding, and not the actual dollar figures.

CONCLUSIONS OF LAW

1. The cost of a project is an important consideration in the Commission's evaluation of whether the public convenience and necessity require that project pursuant to *West Virginia Code* 24-2-11.

2. It is appropriate to require that a petition to reopen be filed in the event project funding changes, to assure that total construction costs, the use fee, and resulting costs to consumers, do not change.

3. The Company's request to approve only the structure, but not the dollar amount, of the project funding in this proceeding should be denied.

4. It is appropriate to grant the certificate and approve the Operation and Maintenance Agreements, the project funding, the Use Fee, the Capital Lease, the $12.00 monthly surcharge, and the Company's requested rate base treatment.

5. The certificate should be granted contingent upon a requirement that at the time of, or prior to, substantial completion of the project, the Building Commission file

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a statement of the project facilities owned by it.

ORDER

IT IS THEREFORE ORDERED that revised Operation and Maintenance Agreements filed on November 18, 1999 are hereby approved, without approving the specific terms and conditions thereof. The parties shall file executed copies of the Operation and Maintenance Agreements within twenty (20) days of the date of this Order.

IT IS FURTHER ORDERED that the Putnam County Building Commission is hereby granted a certificate of convenience and necessity to construct its portion of the 14 extensions identified in the joint application filed on May 18, 1999 as the "PCBS Facilities," pursuant to the Commission's authority under *West Virginia Code* §24-2-11.

IT IS FURTHER ORDERED that financing for the project is hereby approved as follows:

(1) A Series Bonds to be issued by the Building Commission in the amount of $7,435,324.00 at 5.5% annual interest, for a term of 40 years;

(2) B Series Bonds to be issued by the Building Commission in the amount of $4,173,076.00 at 5.5% annual interest, for a term of 40 years; and

(3) investment by the Company in the amount of $1,590,000.00.

IT IS FURTHER ORDERED that inclusion in the Company's rate base for rate making purposes of the construction or acquisition costs associated with the IDB Properties, identified in the joint application and to be conveyed to the County Commission, is hereby approved.

IT IS FURTHER ORDERED that the Capital Lease between the County Commission and the Company, attached to the joint application, is hereby approved, without approving the specific terms and conditions thereof.

IT IS FURTHER ORDERED that the Use Fee shall be included in the Company's cost of service for rate making purposes.

IT IS FURTHER ORDERED that use and imposition of the $12.00 per month surcharge to customers to be served by the project facilities, as set forth in the joint application is hereby approved.

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IT IS FURTHER ORDERED that the hearing requirement of *West Virginia Code* §24-2-11 is hereby waived as no protests of this filing have been received.

IT IS FURTHER ORDERED that, within twenty (20) days of the date of this Order, the Building Commission shall file its tariff of rates and charges applicable to customers to be served by the project facilities.

IT IS FURTHER ORDERED that the parties advise the Commission as soon as construction of the project is substantially completed, or at the time customers of the project are being billed for service, whichever occurs first.

IT IS FURTHER ORDERED that at the time of, or prior to, substantial completion of the project, the Building Commission shall file a statement of the project facilities o owned by it.

IT IS FURTHER ORDERED that the parties petition for Commission approval of any changes to the scope, costs, or financing of the certificated project.

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

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

A True Copy, Teste:

JML seg
990674ca.wpd

Sandra Squire

Sandra Squire
Executive Secretary

Public Service Commission
of West Virginia
Charleston

990674com012600cb.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 26th day of January, 2000.

CASE NO. 99-0674-W-PWD-PC-CN (reopened)

WEST VIRGINIA-AMERICAN WATER COMPANY,
THE COUNTY COMMISSION OF PUTNAM COUNTY,
and THE PUTNAM COUNTY BUILDING COMMISSION

Application for Consent and Approval of Operations and Maintenance Agreements between Company and Building Commission and related financial transactions, consent and approval to the requested ratemaking approvals, and application for certificate of convenience and necessity for the construction by the Building Commission of certain water transmission, distribution, and pumping facilities to provide potable water or enhanced water service to areas within Putnam County.

COMMISSION ORDER

On January 20, 2000, West Virginia-American Water Company ("Company"), the Putnam County Commission ("County Commission") and the Putnam County Building Commission ("PCBC") (collectively referred to as "Petitioners") jointly filed a petition to reopen this proceeding for Commission approval of a revised funding arrangement for a county-wide water project ("Project") previously approved by the Commission in a Commission Order dated January 11, 2000 ("Commission Order"). *See letter from counsel to Petitioners* dated January 20, 2000 ("*Petition to Reopen*"). *See also* Commission Order dated January 11, 2000.

In the *Petition to Reopen*, Petitioners indicated the cost of the Project has changed. Whereas the Joint Application indicated an estimated Project cost of $13.198 million, the actual Project cost has been determined to be $12,000,000. Petitioners represented that lower-than-anticipated construction bids have served to decrease the actual construction cost of the Project, offsetting additional costs of issuance, underwriting fees, capitalized interest expenses and related expenses not included in the initial estimate. A revised "sources and uses" exhibit was attached to the *Petition to Reopen* to show these changes. Petitioners

The Petitioners noted that the closing on the WDA Bonds -- for which Commission approval of the underlying Putnam County and Kanawha County Projects is needed -- is scheduled for Wednesday, January 26, 2000. For this reason, the Petitioners request an expedited consideration of the *Petition to Reopen.*

The Commission has reviewed the Petitioner's request for approval of the revised financing arrangement, and finds it to be reasonable and appropriate. The Commission notes that the total construction costs and the total number of customers to be served by the Project have not changed, that the principal amounts of the PCBC Bonds have decreased slightly, and that the Company's commitment of the Use Fee remains unchanged. Accordingly, the Commission will grant the *Petition to Reopen.*

FINDINGS OF FACT

1. On January 20, 2000, the Petitioners jointly filed a petition to reopen this proceeding for Commission approval of a revised funding arrangement for a county-wide water project ("Project") previously approved by the Commission in a Commission Order dated January 11, 2000.

2. The total construction costs and the total number of customers to be served by the Project have not changed, that the principal amounts of the PCBC Bonds have decreased slightly, and that the Company's commitment of the Use Fee remains unchanged.

3. The closing on the WDA Bonds -- for which Commission approval of the underlying Putnam County and Kanawha County Projects is needed -- is scheduled for Wednesday, January 26, 2000. For this reason, the Petitioners requested an expedited consideration of the *Petition to Reopen.*

CONCLUSION OF LAW

1. The Petitioner's request for approval of the revised financing arrangement is reasonable and appropriate.

2. The Commission will grant the Petition to Reopen filed by the Petitioners on January 20, 2000.

ORDER

IT IS THEREFORE ORDERED that the *Petition to Reopen* filed on January 20, 2000, by West Virginia-American Water Company, the Kanawha County Commission and

Public Service Commission
of West Virginia
Charleston

the Kanawha County Regional Development Authority is hereby granted.

IT IS FURTHER ORDERED that the change in the total Project cost from the original estimate of $13.198 million to $12,000,000 is hereby approved.

IT IS FURTHER ORDERED that the following revisions to the funding arrangement previously approved by the Commission are hereby approved:

(1) a change in the principal amount and interest rate of the Series A Bonds to $6,610,000 at an interest rate of 6.38%;

(2) a change in the principal amount and interest rate of the Series B Bonds to $3,800,000 at 6.32%.

IT IS FURTHER ORDERED that the Petitioners' allocation of $214,361 to the "Deposit to Escrow Fund" line item in the "sources and uses" exhibit attached to the *Petition to Reopen* is hereby approved, to be held in escrow by PCBC until the Petitioners file for and receive approval to construct further extensions in Putnam County.

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

IT IS FURTHER ORDERED that the parties shall petition the Commission to reopen this proceeding for approval of any future changes in the scope, cost or financing of this Project.

IT IS FURTHER ORDERED that the Commission's Executive Secretary shall serve a copy of this order on all parties of record by United States First Class Mail, and upon Commission Staff by hand delivery **and shall telefax a copy to Christopher Callus at 340-1080.**

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

ARC
JML/seg
990674cb.wpd

West Virginia Infrastructure & Jobs Development Council

Public Members:
James D. Williams, Chairman
St. Albans
James L. Harrison, Sr., Vice Chairman
Princeton
Dwight Calhoun
Petersburg
William J. Harman
Grafton

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

Katy Mallory, P.E.
Executive Secretary

January 5, 2000

Marjorie Ryan
Office of Planning and Infrastructure
3389 Winfield Road
Winfield, WV 25213

Re: Putnam County Commission
Water Extension Project 98W-381

Dear Ms. Ryan:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Putnam County Commission's (the "Commission") revised funding for the preliminary application regarding the proposed project to extend service to 865 new customers (the "Project").

At this time, pursuant to its review of the preliminary application, the Council determined that the Commission should utilize $3,454,200 committed from West Virginia American Water Company and seek an $11,608,400 loan from the Water Development Authority to finance the Project. Please contact the Water Development Authority at 558-3612 for specific information on the steps the Commission needs to follow to apply for the loan. **Please note that this letter <u>does not</u> constitute funding approval from the Water Development Authority.**

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

Sincerely,

James D. Williams

James D. Williams

JDW/km

cc: Dan Bickerton, WVAWC
Region 3 Planning & Development
Putnam County Commission
Walt Ivey, P.E., BPH
Bernie Yonkosky, WDA

West Virginia Infrastructure & Jobs Development Council

Public Members:
James D. Williams, Chairman
St. Albans
James L. Harrison, Sr., Vice Chairman
Princeton
Lloyd P. Adams, P.E.
Wheeling
Sheirl L. Fletcher
Morgantown

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

Susan J. Riggs, Esquire
Executive Secretary

August 14, 1998

Marjorie Ryan, Director
Office of Planning and Infrastructure
Putnam County Commission
3389 Winfield Road
Winfield, WV 25213

Re: Water System Extension Project
(Phase I & Phase II) (Resubmittal) 98W-381

Dear Ms. Ryan:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Putnam County Commission's (Commission) resubmitted preliminary application regarding the Commission's proposed project to extend water service to customers in numerous areas of Putnam County (Project). Phase I of the Project will serve approximately 595 new customers and Phase II of the Project will serve approximately 270 new customers. 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 Commission should carefully review the enclosed comments of the Water Technical Review Committee dated June 22, 1998. The Commission may need to address certain issues raised in these comments, and in the Water Technical Review Committee's February 17, 1998 comments previously sent to you, as it proceeds with the Project.

Pursuant to its review of the preliminary application, the Council determined that for Phase I of the Project the Commission should use the West Virginia American Water Company contribution of $892,500, and the Commission may be eligible for Infrastructure Fund assistance of approximately $6,619,500. The Council also determined that for Phase II of the Project the Commission should use the West Virginia American Water Company contribution of $405,000, and the Commission may be eligible for Infrastructure Fund assistance of approximately $6,239,000. The Council's final decision regarding the specific funding of both Phase I and Phase II of the Project is deferred pending final

determination of each Phase's eligibility and readiness to proceed, and availability of funds in the Infrastructure Fund. Please be aware that currently no funds are available in the Infrastructure Fund. **Please note that this letter does not constitute funding approval from the Council.**

If you have any questions regarding this matter, please contact Susan J. Riggs at the above telephone number.

Sincerely,

James D. Williams

JDW/bh
Enclosure
cc: Chris Jarrett
John Romano

West Virginia Infrastructure & Jobs Development Council

Public Members:
James D. Williams, Chairman
St. Albans
James L. Harrison, Sr., Vice Chairman
Princeton
Dwight Calhoun
Petersburg
William J. Harman
Grafton

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

Katy Mallory, P.E.
Executive Secretary

January 5, 2000

Marjorie Ryan
Office of Planning and Infrastructure
3389 Winfield Road
Winfield, WV 25213

Re: Putnam County Commission
Water Extension Project 98W-381

Dear Ms. Ryan:

The West Virginia Infrastructure and Jobs Development Council (the "Council") has reviewed the Putnam County Commission's (the "Commission") revised funding for the preliminary application regarding the proposed project to extend service to 865 new customers (the "Project").

At this time, pursuant to its review of the preliminary application, the Council determined that the Commission should utilize $3,454,200 committed from West Virginia American Water Company and seek an $11,608,400 loan from the Water Development Authority to finance the Project. Please contact the Water Development Authority at 558-3612 for specific information on the steps the Commission needs to follow to apply for the loan. **Please note that this letter <u>does not</u> constitute funding approval from the Water Development Authority.**

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

Sincerely,

James D. Williams

JDW/km
cc: Dan Bickerton, WVAWC
Region 3 Planning & Development
Putnam County Commission
Walt Ivey, P.E., BPH
Bernie Yonkosky, WDA

West Virginia Infrastructure & Jobs Development Council

Public Members:
James D. Williams, Chairman
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980 One Valley Square
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Susan J. Riggs, Esquire
Executive Secretary

August 14, 1998

Marjorie Ryan, Director
Office of Planning and Infrastructure
Putnam County Commission
3389 Winfield Road
Winfield, WV 25213

Re: Water System Extension Project
(Phase I & Phase II) (Resubmittal) 98W-381

Dear Ms. Ryan:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Putnam County Commission's (Commission) resubmitted preliminary application regarding the Commission's proposed project to extend water service to customers in numerous areas of Putnam County (Project). Phase I of the Project will serve approximately 595 new customers and Phase II of the Project will serve approximately 270 new customers. 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 Commission should carefully review the enclosed comments of the Water Technical Review Committee dated June 22, 1998. The Commission may need to address certain issues raised in these comments, and in the Water Technical Review Committee's February 17, 1998 comments previously sent to you, as it proceeds with the Project.

Pursuant to its review of the preliminary application, the Council determined that for Phase I of the Project the Commission should use the West Virginia American Water Company contribution of $892,500, and the Commission may be eligible for Infrastructure Fund assistance of approximately $6,619,500. The Council also determined that for Phase II of the Project the Commission should use the West Virginia American Water Company contribution of $405,000, and the Commission may be eligible for Infrastructure Fund assistance of approximately $6,239,000. The Council's final decision regarding the specific funding of both Phase I and Phase II of the Project is deferred pending final

determination of each Phase's eligibility and readiness to proceed, and availability of funds in the Infrastructure Fund. Please be aware that currently no funds are available in the Infrastructure Fund. **Please note that this letter does not constitute funding approval from the Council.**

If you have any questions regarding this matter, please contact Susan J. Riggs at the above telephone number.

Sincerely,

James D. Williams

JDW/bh
Enclosure
cc: Chris Jarrett
John Romano

1 Debtor(s) (Last Name First) and address(es)
Putnam County Building
Commission
89 Winfield Road
Winfield, WV 25213

2 Secured Party(ies) and address(es)
West Virginia Water Development
Authority
180 Association Drive
Charleston, WV 25311

For Filing Officer (Date, Time, Number and Filing Office)
Attachment
0533531
00 FEB -4 PM 3:54
WV SEC. OF STATE
FILED

4 This financing statement covers the following types (or items) of property:
All real and personal property, now or hereafter acquied, as set forth and described in a Deed of Trust, Security Agreement and Fixture Filing, dated January 27, 2000, by and between the Debtor and the Secured Party, of record in the office of the Clerk of The County Commission of Putnam County and attached hereto as a part hereof, to which reference is hereby made.

ASSIGNEE OF SECURED PARTY
The Bank of New York
101 Barclay Street Floor 8W
New York, NY 10286

*Please note that these financing statements are in connection with a public bond issue of a county of the State of WV and filing therefore shall be effective for the life of such bond issue without the need for filing continuation statements. (W. Va. Code Section 46-9-403(8)).

Check ☒ if covered: ☒ Proceeds of Collateral are also covered ☒ Products of Collateral are also covered No. of additional Sheets presented:

Filed with:

PUTNAM COUNTY BUILDING COMMISSION
By Robert F. Hartwell
Signature(s) of Debtor(s)
Chairman

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
By Barbara B Meadows
Signature(s) of Secured Party(ies)
Authorized Representative

2 FILING OFFICER COPY - NUMERICAL

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code:

3 Maturity date (if any): 6/1/2039

1 Debtor(s) (Last Name First) and address(es)
Putnam County Building
Commission
89 Winfield Road
Winfield, WV 25213

2 Secured Party(ies) and address(es)
West Virginia Water Development
Authority
180 Association Drive
Charleston, WV 25311

For Filing Officer (Date, Time, Number and Filing Office)
Attachment
0533533
00 FEB -4 PM 3:57
WV SEC. OF STATE
FILED

4 This financing statement covers the following types (or items) of property:
All Lease Rentals and other personal property, now or hereafter acquired, as set forth and described in an Assignment of Lease and Rents, dated January 27, 2000, by and between the Debtor and the Secured Party, of record in the Office of the Clerk of The County Commission of Putnam County and attached hereto as a part hereof, to which reference is hereby made.

ASSIGNEE OF SECURED PARTY
The Bank of New York
101 Barclay Street Floor 8W
New York, NY 10286

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Check ☒ if covered: ☒ Proceeds of Collateral are also covered ☒ Products of Collateral are also covered No. of additional Sheets presented:

Filed with:

PUTNAM COUNTY BUILDING COMMISSION
By Robert F. Hartwell
Signature(s) of Debtor(s)
Chairman

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
By Barbara B Meadows
Signature(s) of Secured Party(ies)
Authorized Representative

2 FILING OFFICER COPY - NUMERICAL

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code:

3 Maturity date (if any): 06/01/39

1 Debtor(s) (Last Name First) and address(es)
The County Commission of
Putnam County
89 Winfield Road
Winfield, WV 25213

2 Secured Party(ies) and address(es)
Putnam County Building
Commission
89 Winfield Road
Winfield, WV 25213

For Filing Officer (Date, Time, Number and Filing Office)
Attachment
0533532
00 FEB -4 PM 3:56
WV SEC. OF STATE
FILED

4 This financing statement covers the following types (or items) of property:
All Lease Rentals and other personal property now or hereafter acquired, as set forth and described in an Agreement and Lease of Series 2000 B Facilities dated January 27, 2000, by and between the Debtor, as lessee, and the Secured Party, as lessor, of record in the office of the Clerk of the County Commission of Putnam County and attached hereto as a part hereof, to which reference is hereby made.

ASSIGNEE OF SECURED PARTY
West Virginia Water
Development Authority
180 Association Drive
Charleston, WV 25311

*Please note that these financing statements are in connection with a public bond issue of a county of the State of WV and filing therefore shall be effective for the life of such bond issue without the need for filing continuation statements. (W.Va. Code Section 46-9-403(8))

Check ☒ if covered: ☐ Proceeds of Collateral are also covered ☐ Products of Collateral are also covered No. of additional Sheets presented:

Filed with:

The County Commission of Putnam County
By James W. Carothers
Signature(s) of Debtor(s)
President

Putnam County Building Commission
By Robert F. Hartwell
Signature(s) of Secured Party(ies)

10A

Putnam County Building Commission
89 Winfield Road
Winfield, WV 25213

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

and Filing Office)

This financing statement covers the following types (or items) of property:
All real and personal property, now or hereafter acquired, as set forth and described in a Deed of Trust, Security Agreement and Fixture Filing, dated January 27, 2000, by and between the Debtor and the Secured Party, of record in the office of the Clerk of The County Commission of Putnam County and attached hereto as a part hereof, to which reference is hereby made.

ASSIGNEE OF SECURED PARTY
The Bank of New York
101 Barclay Street Floor 8W
New York, NY 10286

*Please note that these financing statements are in connection with a public bond issue of a county of the State of WV and filing therefore shall be effective for the life of such bond issue without the need for filing continuation statements. (W. Va. Code Section 46-9-403(8)).

Check ☒ if covered: ☒ Proceeds of Collateral are also covered ☒ Products of Collateral are also covered No. of additional Sheets presented:

Filed with: Clerk of The Putnam County Commission

PUTNAM COUNTY BUILDING COMMISSION
By _____ Chairman
Signature(s) of Debtor(s)

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
By _____ Authorized Representative
Signature(s) of Secured Party(ies)

4 FILE COPY - SECURED PARTY(IES)

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code:

1 Debtor(s) (Last Name First) and address(es)
The Putnam County Commission of Putnam County
89 Winfield Road
Winfield, WV 25213

2 Secured Party(ies) and address(es)
Putnam County Building Commission
89 Winfield Road
Winfield, WV 25213

3 Maturity date (if any): 06/01/39

For Filing Officer (Date, Time, Number and Filing Office)

This financing statement covers the following types (or items) of property:
All Lease Rentals and other personal property now or hereafter acquired, as set forth and described in an Agreement and Lease of Series 2000 B Facilities dated January 27, 2000, by and between the Debtor, as lessee, and the Secured Party, as lessor, of record in the office of the Clerk of the County Commission of Putnam County and attached hereto as a part hereof, to which reference is hereby made.

ASSIGNEE OF SECURED PARTY
West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

*Please note that these financing statements are in connection with a public bond issue of a county of the State of WV and filing therefore shall be effective for the life of such bond issue without the need for filing continuation statements. (W.Va. Code Section 46-9-403(8))

Check ☒ if covered: ☒ Proceeds of Collateral are also covered ☒ Products of Collateral are also covered No. of additional Sheets presented:

Filed with: Clerk of The Putnam County Commission

The County Commission of Putnam County
By _____ President
Signature(s) of Debtor(s)

Putnam County Building Commission ~~Development Authority~~
By _____ Chairman
Signature(s) of Secured Party(ies)

4 FILE COPY - SECURED PARTY(IES)

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code:

1 Debtor(s) (Last Name First) and address(es)
Putnam County Building Commission
89 Winfield Road
Winfield, WV 25213

2 Secured Party(ies) and address(es)
West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

3 Maturity date (if any): 8/1/2039

For Filing Officer (Date, Time, Number and Filing Office)

This financing statement covers the following types (or items) of property:
All Lease Rentals and other personal property, now or hereafter acquied, as set forth and described in an Assignment of Lease and Rents, dated January 27, 2000, by and between the Debtor and the Secured Party, of record in the Office of the Clerk of The County Commission of Putnam County and attached hereto as a part hereof, to which reference is hereby made.

ASSIGNEE OF SECURED PARTY
The Bank of New York
101 Barclay Street Floor 8W
New York, NY 10286

*Please note that these financing statements are in connection with a public bond issue of a county and the State of WV and filing therefore shall be effective for the life of such bond issue without the need for filing continuation stataements. (W. Va. Code Section 46-9-403(8))

Check ☒ if covered: ☒ Proceeds of Collateral are also covered ☒ Products of Collateral are also covered No. of additional Sheets presented:

Filed with: Clerk of The Putnam County Commission

Putnam County Building Commission
By _____

West Virginia Water Development Authority

10B

PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B

CERTIFICATE OF RECORDATION OF DOCUMENTS

I, Michael W. Elliott, the duly elected, qualified and acting Clerk of The County Commission of Putnam County, West Virginia, HEREBY CERTIFY that, on January 28, 2000, at the hours listed below, the following were received and recorded in my office:

(1) A DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING, dated as of January 27, 2000, by the Putnam County Building Commission to the Trustees stated therein, for the benefit of West Virginia Water Development Authority, recorded at the hour of 10:58 a.m. in Deed of Trust Book 490, at page 193.

(2) An AGREEMENT AND LEASE OF SERIES 2000 B FACILITIES, dated as of January 27, 2000, by and between the Putnam County Building Commission, as lessor, and The County Commission of Putnam County, as lessee, recorded at the hour of 10:58 a.m. in Miscellaneous Book 51, at page 332.

(3) An ASSIGNMENT OF LEASE AND RENTS, dated as of January 27, 2000, by the Putnam County Building Commission to the West Virginia Water Development Authority, recorded at the hour of 10:58 a.m. in Assignment Book 31, at page 486.

(4) A FINANCING STATEMENT between The County Commission of Putnam County, as debtor, the Putnam County Building Commission, as secured party, and West Virginia Water Development Authority as assignee of secured party, filed at the hour of 10:48 a.m. in UCC Book XXXXXXX at page XXXXXXX and assigned No. 28560.

(5) A FINANCING STATEMENT between the Putnam County Building Commission, as debtor, and West Virginia Water Development Authority as secured party, and The Bank of New York as assignee of secured party, filed at the hour of 10:58 a.m. in UCC Book _____, at page _____ and assigned no. 28558.

(6) A FINANCING STATEMENT between the Putnam County Building Commission, as debtor, and West Virginia Water Development Authority as secured party, and The Bank of New York as assignee of secured party, filed at the hour of 10:58 a.m. in UCC Book _____, at page _____ and assigned no. 28559.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said County Commission this 28th day of January, 2000.

[SEAL]

Michael W. Elliott

Clerk of The County Commission of Putnam County

01/27/00
731000/97001

CH360860.1

PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B

CERTIFICATE OF FILING OF FINANCING STATEMENTS

I, KEN HECHLER, Secretary of State of the State of West Virginia, hereby certify that on ~~January~~ FEB. 4, 2000, at the hour set forth below, there was filed in my office:

(1) A FINANCING STATEMENT between The County Commission of Putnam County, as debtor, the Putnam County Building Commission, as secured party, and West Virginia Water Development Authority as assignee of secured party, filed at the hour of 3:54 P.m. in Financing Statement Book No. _____.

(2) A FINANCING STATEMENT between the Putnam County Building Commission, as debtor, and West Virginia Water Development Authority as secured party, and the Bank of New York as assignee of secured party, filed at the hour of 3:56 P.m. in Financing Statement Book No. _____.

(3) A FINANCING STATEMENT between the Putnam County Building Commission, as debtor, and West Virginia Water Development Authority as secured party, and the Bank of New York as assignee of secured party, filed at the hour of 3:57 P.m. in Financing Statement Book No. _____.

[SEAL]

Ken Hechler

Secretary of State of the State of West Virginia

01//27/99
731000/97001

CH360877.1

11B

PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On the 27th day of January, 2000, 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 the Putnam County Building Commission (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 27th day of January, 2000, the Authority received the Putnam County Building Commission Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), issued in the principal amount of $3,800,000, as a single, fully registered Bond, numbered BR-1, and dated January 27, 2000 (the "Bonds").

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

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of the purchase price of the Bonds of $3,650,862.95.

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Authorized Representative

PUTNAM COUNTY BUILDING COMMISSION

Chairman

01/25/00
731000.97001

CH360279.3

PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

There are delivered to you herewith on this 27th day of January, 2000:

(1) Bond No. BR-1, constituting the entire original issue of the Putnam County Building Commission Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), in the principal amount of $3,800,000, dated January 27, 2000 (the "Bonds"), executed by the Chairman and Secretary of the Putnam County Building Commission (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on January 5, 2000, and a Supplemental Resolution duly adopted by the Issuer on January 26, 2000 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of the loan agreement, dated January 27, 2000, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (the "Loan Agreement"); and

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

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of $3,650,862.95 representing the agreed aggregate purchase price of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

PUTNAM COUNTY BUILDING COMMISSION

Chairman

01/26/00
731000.97001

CH360284.3

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
PUTNAM COUNTY BUILDING COMMISSION
WATERWORKS LEASE REVENUE BOND,
SERIES 2000 B
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. BR-1 $3,800,000

KNOW ALL MEN BY THESE PRESENTS: That the PUTNAM COUNTY BUILDING COMMISSION, a public corporation with perpetual existence and a county building commission in Putnam County, West Virginia (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 EIGHT HUNDRED THOUSAND DOLLARS ($3,800,000), in annual installments on June 1 of each year, commencing June 1, 2001, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rates per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, such interest shall be payable semiannually on June 1 and December 1 of each year, commencing June 1, 2000, as set forth on Exhibit A attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, dated January 27, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of a new public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The Project, and any further additions, betterments or improvements thereto are herein called the "Series 2000 B Facilities." 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 8, Article 33 of the West Virginia Code of 1931, as amended (the "Act"), certain provisions of Chapter 8, Article 16 of the West Virginia Code of 1931, as amended (collectively with the Act, the "Bond Act"), and a Bond Ordinance duly enacted by the Issuer on January 5, 2000, and a Supplemental Resolution duly adopted by the Issuer on January 26, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Revenues (as defined in the Bond Legislation) and unexpended proceeds of the Bonds. The Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Revenues and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, in the event the 2000 B O & M Agreement or the Lease (as defined in the Bond Legislation) is terminated, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the Series 2000 B Facilities and the services rendered thereby, and shall take all such actions necessary to provide funds, which shall be sufficient, together with other revenues of the Series 2000 B Facilities, to provide for the reasonable expenses of operation, repair and maintenance of the Series 2000 B Facilities, and to leave a balance each year equal to at least 115% of the maximum amount of principal of and interest on the Bonds payable in any year, and all other obligations on a parity with the Bonds; provided, however, that so long as there exists in the Reserve Account created for the Bonds, an amount equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, an amount equal to the requirements therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the

registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the costs of the Project 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 Revenues received by the Issuer 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, the PUTNAM COUNTY BUILDING COMMISSION 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 January 27, 2000.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CH361617.1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: January 27, 2000.

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

Putnam County Building Commission (West Virginia)

WDA Loans (Loan Program III)

Series B (Governmental Lease Payments)

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
6/01/2000	-	-	112,651.25	112,651.25
12/01/2000	-	-	112,651.25	112,651.25
6/01/2001	100,000.00	4.350%	112,651.25	212,651.25
12/01/2001	-	-	110,476.25	110,476.25
6/01/2002	100,000.00	4.800%	110,476.25	210,476.25
12/01/2002	-	-	108,076.25	108,076.25
6/01/2003	105,000.00	5.000%	108,076.25	213,076.25
12/01/2003	-	-	105,451.25	105,451.25
6/01/2004	110,000.00	5.000%	105,451.25	215,451.25
12/01/2004	-	-	102,701.25	102,701.25
6/01/2005	115,000.00	5.125%	102,701.25	217,701.25
12/01/2005	-	-	99,754.38	99,754.38
6/01/2006	125,000.00	5.250%	99,754.38	224,754.38
12/01/2006	-	-	96,473.13	96,473.13
6/01/2007	130,000.00	5.375%	96,473.13	226,473.13
12/01/2007	-	-	92,979.38	92,979.38
6/01/2008	135,000.00	5.400%	92,979.38	227,979.38
12/01/2008	-	-	89,334.38	89,334.38
6/01/2009	145,000.00	5.500%	89,334.38	234,334.38
12/01/2009	-	-	85,346.88	85,346.88
6/01/2010	150,000.00	5.600%	85,346.88	235,346.88
12/01/2010	-	-	81,146.88	81,146.88
6/01/2011	35,000.00	6.000%	81,146.88	116,146.88
12/01/2011	-	-	80,096.88	80,096.88
6/01/2012	35,000.00	6.000%	80,096.88	115,096.88
12/01/2012	-	-	79,046.88	79,046.88
6/01/2013	40,000.00	6.000%	79,046.88	119,046.88
12/01/2013	-	-	77,846.88	77,846.88
6/01/2014	40,000.00	6.000%	77,846.88	117,846.88
12/01/2014	-	-	76,646.88	76,646.88
6/01/2015	40,000.00	6.000%	76,646.88	116,646.88
12/01/2015	-	-	75,446.88	75,446.88
6/01/2016	45,000.00	6.250%	75,446.88	120,446.88
12/01/2016	-	-	74,040.63	74,040.63
6/01/2017	50,000.00	6.250%	74,040.63	124,040.63
12/01/2017	-	-	72,478.13	72,478.13
6/01/2018	50,000.00	6.250%	72,478.13	122,478.13
12/01/2018	-	-	70,915.63	70,915.63
6/01/2019	55,000.00	6.250%	70,915.63	125,915.63
12/01/2019	-	-	69,196.88	69,196.88
6/01/2020	60,000.00	6.250%	69,196.88	129,196.88
12/01/2020	-	-	67,321.88	67,321.88
6/01/2021	60,000.00	6.125%	67,321.88	127,321.88
12/01/2021	-	-	65,484.38	65,484.38
6/01/2022	65,000.00	6.125%	65,484.38	130,484.38

Putnam County Building Commission (West Virginia)

WDA Loans (Loan Program III)

Series B (Governmental Lease Payments)

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
12/01/2022	-	-	63,493.75	63,493.75
6/01/2023	70,000.00	6.125%	63,493.75	133,493.75
12/01/2023	-	-	61,350.00	61,350.00
6/01/2024	75,000.00	6.125%	61,350.00	136,350.00
12/01/2024	-	-	59,053.13	59,053.13
6/01/2025	80,000.00	6.125%	59,053.13	139,053.13
12/01/2025	-	-	56,603.13	56,603.13
6/01/2026	80,000.00	6.250%	56,603.13	136,603.13
12/01/2026	-	-	54,103.13	54,103.13
6/01/2027	90,000.00	6.250%	54,103.13	144,103.13
12/01/2027	-	-	51,290.63	51,290.63
6/01/2028	95,000.00	6.250%	51,290.63	146,290.63
12/01/2028	-	-	48,321.88	48,321.88
6/01/2029	100,000.00	6.250%	48,321.88	148,321.88
12/01/2029	-	-	45,196.88	45,196.88
6/01/2030	105,000.00	6.250%	45,196.88	150,196.88
12/01/2030	-	-	41,915.63	41,915.63
6/01/2031	110,000.00	6.375%	41,915.63	151,915.63
12/01/2031	-	-	38,409.38	38,409.38
6/01/2032	120,000.00	6.375%	38,409.38	158,409.38
12/01/2032	-	-	34,584.38	34,584.38
6/01/2033	125,000.00	6.375%	34,584.38	159,584.38
12/01/2033	-	-	30,600.00	30,600.00
6/01/2034	135,000.00	6.375%	30,600.00	165,600.00
12/01/2034	-	-	26,296.88	26,296.88
6/01/2035	145,000.00	6.375%	26,296.88	171,296.88
12/01/2035	-	-	21,675.00	21,675.00
6/01/2036	155,000.00	6.375%	21,675.00	176,675.00
12/01/2036	-	-	16,734.38	16,734.38
6/01/2037	165,000.00	6.375%	16,734.38	181,734.38
12/01/2037	-	-	11,475.00	11,475.00
6/01/2038	175,000.00	6.375%	11,475.00	186,475.00
12/01/2038	-	-	5,896.88	5,896.88
6/01/2039	185,000.00	6.375%	5,896.88	190,896.88
Total	**3,800,000.00**	-	**5,232,477.79**	**9,032,477.79** *

Ferris, Baker Watts, Inc.

West Virginia Public Finance Department

File = wda2000d.sf-Putnam-Putnam B

1/24/2000 11:44 AM

*Plus administrative fee as set forth on Schedule Y.

(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:

_____

STEPTOE & JOHNSON
ATTORNEYS AT LAW
BANK ONE CENTER
SEVENTH FLOOR
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

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

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

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 263-6991
FACSIMILE (304) 262-3541

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

THE RIVERS OFFICE PARK
200 STAR AVENUE, SUITE 220
P. O. BOX 628
PARKERSBURG, W. VA. 26102-0628
(304) 422-6463
FACSIMILE (304) 422-6462

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

WRITER'S DIRECT DIAL NUMBER

January 27, 2000

Putnam County Building Commission
Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

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

Ladies and Gentlemen:

We are bond counsel to the Putnam County Building Commission (the "Governmental Agency"), a county building commission and public corporation of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated January 27, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated January 27, 2000 (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 $3,800,000, in the form of one bond, registered as to principal and interest to the Authority, with interest payable semiannually on June 1 and December 1 of each year, commencing June 1, 2000, at the rates per annum as set forth in the "Schedule Y", which rates shall not exceed 6.5%, and with principal payable annually on June 1 of each year, commencing June 1, 2001, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of a new public waterworks system of the Governmental Agency, and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 8, Article 33 and certain provisions of Chapter 8, Article 16 of the Code of West Virginia, 1931, as amended (the "Local Statute"),

and the bond ordinance duly enacted by the Governmental Agency on January 5, 2000, as supplemented by the Supplemental Resolution duly adopted by the Governmental Agency on January 26, 2000 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and presently existing county building commission and public corporation, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

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

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

6. Under the Local Statute, the Local Bonds and the interest thereon are exempt from taxation by the State of West Virginia, and other taxing bodies of the State.

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

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 BR-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

01/26/00
731000/97001

CH361065.3

STEPTOE & JOHNSON
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WRITER'S DIRECT DIAL NUMBER

January 27, 2000

Putnam County Building Commission
Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

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

Ladies and Gentlemen:

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The Local Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of a new public waterworks system of the Governmental Agency, and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 8, Article 33 and certain provisions of Chapter 8, Article 16 of the Code of West Virginia, 1931, as amended (the "Local Statute"),

and the bond ordinance duly enacted by the Governmental Agency on January 5, 2000, as supplemented by the Supplemental Resolution duly adopted by the Governmental Agency on January 26, 2000 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and presently existing county building commission and public corporation, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

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

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

6. Under the Local Statute, the Local Bonds and the interest thereon are exempt from taxation by the State of West Virginia, and other taxing bodies of the State.

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

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 BR-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

01/26/00
731000/97001

CH361065.3

Franklin L. Gritt, Jr.

Attorney at Law

Middleton Place
19 Valley Street
Winfield, WV 25213
(304) 586-3693
Fax 586-9412

January 27, 2000

Putnam County Building Commission
Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

Putnam County Building Commission
Winfield, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson
Clarksburg, West Virginia

Ladies and Gentlemen:

I am counsel to the Putnam County Building Commission, a duly organized and presently existing county building commission and public corporation in Putnam County, West Virginia (the "Issuer"). As such counsel, I have examined a copy of the approving opinion of Steptoe & Johnson, as bond counsel, the loan agreement for the Bonds, dated January 27, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), the Bond Ordinance duly enacted by the Issuer on January 5, 2000, the Supplemental Resolution duly adopted by the Issuer on January 26, 2000 (collectively, the "Bond Legislation"), the Agreement dated January 26, 2000, by and among the Issuer, The County Commission of Putnam County (the "County Commission) and West Virginia-American Water Company (the "Company") (the "2000 B O & M Agreement"), the Agreement and Lease of Series 2000 B Facilities dated January 27, 2000, by and between the Issuer and the County Commission (the "Lease"), the Deed of Trust, Security Agreement and Fixture Filing dated January 27, 2000, by and between the Issuer and the trustees named therein for the benefit of the Authority (the "Deed of Trust") 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 Putnam County relating to the Issuer and the appointment of members 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 under the Constitution and laws of the State of West Virginia as a county building commission and public corporation of the State of West Virginia, with corporate power under Chapter 8, Article 33 of the West Virginia Code of 1931, as amended (the "Act").

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 enforceable in accordance with its terms.

3. The 2000 B O & M Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the County Commission and the Company, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

4. The Lease has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the County Commission, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

5. The Deed of Trust has been duly authorized, executed and delivered by the Issuer and constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

6. The members and officers 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.

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

8. The execution and delivery of the Bonds, the Lease, the 2000 B O & M Agreement, the Deed of Trust and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Lease, the 2000 B O & M Agreement, the Deed of Trust, 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.

9 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 Deed of Trust, the Lease, the Loan Agreement, the 2000 B O & M Agreement, the Bonds and the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the pledge of the Revenues therefor.

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

Very truly yours,

Franklin L. Gritt, Jr.

Franklin L. Gritt, Jr.

Attorney at Law

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Winfield, WV 25213
(304) 586-3693
Fax 586-9412

January 27, 2000

Putnam County Building Commission
Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

The County Commission of Putnam County
Winfield, West Virginia

Putnam County Building Commission
Winfield, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson
Clarksburg, West Virginia

Ladies and Gentlemen:

I have served as counsel to The County Commission of Putnam County, in Putnam County, West Virginia (the "County Commission"), in connection with the issuance and sale by the Putnam County Building Commission (the "Issuer") of its Waterworks Lease Revenue Bonds, Series 2000 B (the "Series 2000 B Bonds").

The Series 2000 B Bonds are being issued under and pursuant to an Ordinance enacted by the Issuer on January 5, 2000 (the "Bond Ordinance"), and an Ordinance adopted by the County Commission on January 5, 2000 (the "County Commission Ordinance") for the purpose of permanently financing the costs of acquisition and construction of a public waterworks system of the Issuer (the "Series 2000 B Facilities"). Pursuant to the Agreement and Lease of Series 2000 B Facilities, dated as of January 27, 2000 (the "Lease"), by and between the Issuer and the County Commission, the Issuer has leased the Series 2000 B Facilities to the County Commission and the County Commission has agreed to, among other things, make rental payments in amounts and at times sufficient to pay the principal of and interest on the Series 2000 B Bonds when due, and other amounts payable thereunder. Pursuant to an Agreement dated January 26, 2000 (the "2000 B O & M Agreement), by and among the Issuer, the County Commission and West Virginia-American Water Company (the "Company"), the Issuer and the County Commission have agreed that the Series 2000 B Facilities should be acquired, constructed, equipped, operated, maintained, repaired and replaced by the Company.

In that connection, I have examined such documents, certificates, agreements, instruments and records, including, without limitation, all proceedings of the County Commission in connection with the authorization of the Lease and the 2000 B O & M Agreement, including the County Commission Ordinance and executed counterparts of the Lease and the 2000 B O & M Agreement, and I have made such investigations as I have deemed necessary or appropriate to enable me to render this opinion. All capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Lease, unless the context otherwise requires.

Based upon and subject to the foregoing, I am of the opinion that:

1. The County Commission is a duly created and validly existing public corporation and political subdivision of the State of West Virginia.

2. The President, Clerk and other members of the County Commission have been duly and properly elected, have taken the requisite oaths and are duly qualified and authorized to act in their respective capacities on behalf of the County Commission.

3. The County Commission has complied in all material respects with the applicable provisions of law and has full legal right, power and authority to enact the County Commission Ordinance, and to enter into, execute and deliver the Lease, the 2000 B O & M Agreement and all other documents, agreements, instruments and certificates in connection therewith and perform its obligations thereunder, to lease and use the Series 2000 B Facilities, to conduct its business as contemplated in the Lease and the 2000 B O & M Agreement and to carry out and consummate all transactions contemplated by the foregoing.

4. The County Commission Ordinance is in full force and effect and was duly adopted by the County Commission at a meeting duly called and held pursuant to law, with all public notice required by law, at which a quorum was present and acting throughout. By the County Commission Ordinance, the County Commission duly and validly authorized, approved, ratified and/or confirmed, by all necessary action, the execution and delivery of the Lease and the 2000 B O & M Agreement and all other documents, agreements, instruments and certificates in connection therewith and the taking of any and all such action as may be required on the part of the County Commission to carry out, give effect to and consummate the transactions contemplated by the foregoing; and the Lease and the 2000 B O & M Agreement and all other documents, agreements, instruments and certificates in connection therewith have been duly executed and delivered by the County Commission and, assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding obligations of the County Commission in accordance with their respective terms.

5. The County Commission has obtained or received, and has in full force and effect, all consents, permits, licenses, approvals, certificates, exemptions, rights, orders, franchises, privileges and authorizations, all of which have been validly granted, issued and/or assigned and has timely made and/or submitted all declarations, filings, payments, reports, notices, statements, papers and registrations, necessary to adopt the County Commission Ordinance, to enter into and perform its obligations under and consummate

the transactions contemplated in the County Commission Ordinance, the Lease, the 2000 B O & M Agreement and all other documents, agreements, instruments and certificates in connection therewith and to lease and use the Series 2000 B Facilities; and the County Commission has taken all other action required in connection with the consummation of the transactions contemplated in the County Commission Ordinance, the Lease, the 2000 B O & M Agreement and all other documents, agreements, instruments and certificates in connection therewith and the leasing and use of the Series 2000 B Facilities. The County Commission is in compliance with all applicable laws, rules and regulations relating to the Series 2000 B Facilities, the violation of which would have a materially adverse effect on the Series 2000 B Facilities.

6. The execution and delivery of the Lease, the 2000 B O & M Agreement and all documents, agreements, instruments and certificates in connection therewith by the County Commission, the consummation of the transactions contemplated thereby and by the County Commission Ordinance, and the compliance with and carrying out of the provisions and terms thereof did not, do not and will not, with or without the giving of notice or passage of time, or both, conflict with or constitute on the part of the County Commission a violation or breach of or constitute or result in a default or loss of rights (or give rise to any right of termination, cancellation or acceleration) under or result in the creation of any lien, charge or encumbrance (other than under the Lease and the County Commission Ordinance) pursuant to, and are not prohibited or materially adversely affected by, any mortgage, indenture, note agreement, bond, contract, lease, document, deed of trust or other agreement, obligation or instrument to which the County Commission is a party or by which the County Commission or its properties are bound or affected or any judgment, statute, ordinance, resolution, order, rule, law, court decision, decree or regulation by which the County Commission or its properties are subject or affected, and will not cause any forfeiture or impairment of any license.

7. To the best of my knowledge, there is no action, suit, proceeding, inquiry, order, claim, counterclaim, arbitration, demand, litigation or investigation at law or in equity or before or by any court, public board, authority, arbitrator or body, pending or threatened, or any order, judgment or decree in progress, nor is there any basis therefor, which would adversely affect the County Commission, the Series 2000 B Facilities, or the transactions contemplated by the County Commission Ordinance, the Lease, the 2000 B O & M Agreement or any of the documents, agreements, instruments or certificates referred to in the County Commission Ordinance or the consummation of the transactions contemplated thereby or the performance of the County Commission thereunder, the application of any money or security granted by the County Commission that may be used for payment of the Bonds or the leasing of the Series 2000 B Facilities, or which in any way would adversely affect the validity or enforceability of the Lease, the 2000 B O & M Agreement, or the Series 2000 B Bonds, or which in any way would adversely affect the ability of the County Commission to perform its obligations under the Lease or the 2000 B O & M Agreement, the County Commission Ordinance or any agreement, document or instrument in connection therewith, the creation, organization or existence of the County Commission, the title to office of any officer thereof or the power of the County Commission to lease and use the Series 2000 B Facilities.

8. No authority or proceedings for the execution and delivery of the Lease or the 2000 B O & M Agreement and the performance of the obligations thereunder has or have been repealed, revoked or rescinded.

9. The County Commission has appropriated sufficient funds for fiscal year 1999- 2000 to pay all Rent under the Lease during that period.

Very truly yours,

Franklin L. Gritt, Jr.

01/25/00
731000/97001

Franklin L. Gritt, Jr.

Attorney at Law

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January 27, 2000

Putnam County Building Commission
Winfield, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson
Clarksburg, West Virginia

Putnam County Building Commission
Waterworks Revenue Bonds, Series 2000 A
(West Virginia Water Development Authority)

And

Putnam County Building Commission
Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

Ladies and Gentleman:

I am counsel to the Putnam County Building Commission, a duly organized and presently existing county building commission and public corporation in Putnam County, West Virginia (the "Issuer"), and as such counsel:

1. I have investigated and ascertained the location of and am familiar with the legal description of the necessary easements and rights-of-way required for the Series A and Series B facilities.

2. I have examined the deed records of Putnam County, West Virginia in which the Series A and Series B facilities are to be constructed and, in my opinion, the Issuer has legal and valid fee simple title in the acquired easements and rights-of-way, sufficient to assure its undisturbed use and possession for the purpose of construction, operation, and maintenance of said facilities or that the Issuer may initiate formal condemnation proceedings to acquire the legal and valid fee simple title in certain un-acquired easements and rights-of-way, sufficient to assure its undisturbed use and possession for the purpose of construction, operation, and maintenance of the Series A and Series B facilities.

3. All deeds or documents required to be recorded in order to protect the title and interest of the Issuer in the acquired easements and rights-of-way for the Series A and Series B facilities have been duly recorded and filed for record in the Office of the Clerk of the County Commission of Putnam County, West Virginia.

Very truly yours,

Franklin L. Gritt, Jr.

Franklin L. Gritt, Jr.

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TELEPHONE 304-599-3000

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MEMBER OF LEX MUNDI,
THE WORLD'S LEADING ASSOCIATION
OF INDEPENDENT LAW FIRMS.

January 27, 2000

Putnam County Building Commission
Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

West Virginia-American Water Company
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Putnam County Building Commission
Winfield, West Virginia

Steptoe & Johnson
Clarksburg, 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 an Agreement dated January 26, 2000, by and among the Putnam County Building Commission (the "Issuer"), The County Commission of Putnam County (the "County Commission") and the Company (the "2000 B O & M Agreement"), whereby the Issuer and the County Commission have agreed that the Series 2000 B Facilities should be acquired, constructed, equipped, operated, maintained, repaired and replaced by the Company. The above-captioned bonds (the "Bonds") are being issued by the Issuer under Chapter 8, Article 33 and certain provisions of Chapter 8, Article 16 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on January 5, 2000, as supplemented by the Supplemental Resolution duly adopted by the Issuer on January 26, 2000 (collectively, the "Bond Legislation"), for the purposes of (i) paying a portion of the costs of acquisition and construction of a new public waterworks system of the Issuer (the "Project"); (ii) paying interest on the Series 2000 B Bonds during construction of the Project and for not more than six months thereafter; and (iii) paying certain costs of issuance and related costs. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation when used herein.

In connection with this opinion, we have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of the Articles of Incorporation, a Certificate of Good Standing and the By-laws of the Company, and all amendments thereto, the 2000 B O & M Agreement, and such other records, instruments, agreements, certificates (including, without limitation, certificates of public officials and of officers of the Company) and other documents (collectively, the "Documents"), and have conducted such investigations of law, as we have deemed necessary for purposes of rendering this opinion. We have assumed the authenticity of the Documents submitted to us as originals, the conformity to originals of the Documents submitted to us as copies and the due authorization, execution and delivery of the Documents by all other parties thereto, if any. As to factual matters necessary for rendering our opinions herein, we have relied upon certificates of the Company with respect thereto without independently verifying the same.

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

1. The Company is a corporation duly created, validly existing and in good standing under the laws of the State of West Virginia, is qualified to do business in the State of West Virginia, and has full power and authority to execute and deliver the Documents to which the Company is a party and to undertake and perform its obligations thereunder.

2. The Documents to which the Company is a party have been duly authorized, executed and delivered by the Company, are valid and binding upon the Company, and are legally enforceable against the Company in accordance with the respective terms thereof so as to provide to the other respective parties the substantial enjoyment of the rights and benefits provided for therein, except as may be limited by the laws of bankruptcy, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally, by the application of public policy or by the exercise of judicial discretion.

3. To our knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, against or affecting the Company, wherein an unfavorable decision, ruling or finding would materially adversely affect the Company or the financial condition or operations of the Company, or the transactions contemplated by the Documents to which the Company is a party, or which would materially adversely affect the Documents to which the Company is a party.

4. To our knowledge, the execution, delivery and performance of and compliance with the provisions of the Documents to which the Company is a party do not and will not violate, conflict with, or constitute or result in a breach of or default under, the Articles of Incorporation or By-laws of the Company or any material agreement, instrument, document, indenture, mortgage, deed of trust, lease, contract, law, judgment, decree, order, statute, rule or regulation to which the Company is a party, by which the Company or its properties are bound or which may otherwise be applicable to the Company.

5. The Issuer and the Company have received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from The County Commission of Putnam County, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and the Issuer and the Company have taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer and the Company have received the Commission Order of the Public Service Commission of West Virginia entered on January 11, 2000, and the Commission Order of the Public Service Commission of West Virginia entered on January 26, 2000, both in Case No. 99-0674-PWD-PC-CN, granting a certificate of public convenience and necessity for the Series 2000 B Facilities and approving the financing therefor. The time for appeal of such Orders has not expired prior to the date hereof. However, the parties to such Orders have stated that they will not appeal such Final Orders. Such Final Orders are not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to the original application.

Very truly yours,

Jackson & Kelly PLLC

PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

Date of Closing: January 27, 2000

BOND TRANSCRIPT

Volume II

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PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

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10. Financing Statements
11. Certificates of Recordation of Documents with County Clerk and Secretary of State
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13. Direction to Authenticate and Deliver Bonds

14. Specimen Bond

OPINIONS OF COUNSEL

15. Approving Opinion of Steptoe & Johnson, Bond Counsel

16. Opinion of Franklin L. Gritt, Jr., Counsel to Issuer

17. Opinion of Franklin L. Gritt, Jr., Counsel to the County Commission

18. Title Opinion

19. Opinion of Jackson & Kelly, Counsel to Company

CERTIFICATES

20. General Certificate of Issuer and Attorney

21. Certificate of Company

22. Certificate of The County Commission of Putnam County

23. Certificate of Engineer, with Schedule A Attached

24. Certificate of Certified Public Accountant

DOCUMENTS OF THE ISSUER

25. County Commission Order Creating Issuer

26. County Commission Orders Appointing Current Members of Issuer

27. Oaths of Office

28. Bylaws of Issuer

29. Minutes on Adoption of Bond Ordinance and Supplemental Resolution

30. Affidavit of Publication of Abstract of Bond Ordinance and Notice of Public Hearing

31. Municipal Bond Commission New Issue Report

MISCELLANEOUS DOCUMENTS

32. Acceptance by City National Bank of West Virginia of Appointment as Depository Bank

33. Acceptance by One Valley Bank, National Association, of Duties as Registrar

34. Certificate of Registration of Bonds

35. Registrar's Agreement

36. Agreement between Issuer and Company

37. Assignment Separate from Bond

38. Ordinance of The County Commission of Putnam County

39. RESERVED

40. Certified copies of Chapter 8, Article 33, Chapter 8, Article 16 of the West Virginia Code of 1931, as amended

PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

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PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
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Waterworks Lease Revenue Bonds, Series 2000 B
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PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. [RESERVED]
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. NO FEDERAL GUARANTY
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST

We, the undersigned CHAIRMAN and undersigned SECRETARY of the Putnam County Building Commission in Putnam County, West Virginia (the "Issuer"), and the undersigned Counsel to the Issuer, hereby certify in connection with the $3,800,000 Putnam County Building Commission Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority) (the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted January 5, 2000, and a Supplemental Resolution duly adopted January 26, 2000 (collectively, the "Bond Legislation").

2. NO LITIGATION: No action, suit, inquiry, investigation, litigation, controversy or proceeding is pending against or affecting the Issuer or to our knowledge threatened against the Issuer in any court or administrative or governmental body or

arbitration board contesting or affecting the due organization and valid existence or power of the Issuer or the title of its officers to their respective offices or the validity, due authorization and execution of the documents relating to the Bonds (the "Bond Documents") or the enactment of the Bond Legislation, or attempting to limit, enjoin or otherwise affect, restrict or prevent the Issuer from executing, delivering or issuing the Bonds or the Series 2000 B Facilities or otherwise performing the transactions contemplated in the Bond Documents, or functioning and collecting Revenues pledged to the payment of the Bonds and other income, or which would adversely affect the validity or enforceability of the Bond Documents or any other document, instrument or agreement in connection therewith.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition, construction and operation of the Series 2000 B Facilities, and the issuance of the Bonds have been obtained and remain in full force and effect, and competitive bids for the acquisition and construction of the Series 2000 B Facilities have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: 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 entered into between the Issuer and the Authority.

There are no outstanding bonds or other obligations of the Issuer which will rank prior to or on a parity with or junior and subordinate to the Series 2000 B Bonds as to liens, pledge, source of and security for payment.

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

Bond Ordinance

Conformed Ordinance

Supplemental Resolution

Agreement and Lease of Series 2000 B Facilities

Deed of Trust, Security Agreement and Fixture Filing

Loan Agreement

Public Service Commission Orders

Infrastructure Council Approval

County Commission Order Creating Issuer

County Commission Orders Appointing Current Members of Issuer

Oaths of Office of Current Members

Bylaws of Issuer

Minutes on Adoption of Bond Ordinance and Supplemental Resolution

Affidavit of Publication of Bond Ordinance and Notice of Public Hearing

Agreement between Issuer and Company

6. INCUMBENCY AND OFFICIAL NAME: The proper name of the Issuer is "Putnam County Building Commission," and the Issuer is a public corporation with perpetual existence and a county building commission, with principal office and situate in the City of Winfield, Putnam County, West Virginia. Each of the following persons has been duly appointed to the Board of the Issuer by The County Commission of Putnam County and each member was, at the time of such appointment, and presently is, duly qualified, authorized and acting in accordance with the provisions of West Virginia law for such office, for a term of office expiring on the date set opposite his or her name below:

Member	Term Expires
Robert F. Hatfield	August 27, 1996 - August 27, 2001
Charles Sigman	July 17, 1995 - July 17, 2000
Frank M. Armada	August 27, 1997 - August 26, 2002

Robert F. Hatfield is the duly appointed, qualified and acting Chairman of the Issuer. Charles Sigman is the duly appointed, qualified and acting Secretary of the Issuer. Franklin L. Gritt, Jr. is the duly appointed, qualified and acting Counsel to the Issuer.

The aforesaid have duly taken the prescribed oaths of office and have duly filed any bonds required by law.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction, operation and maintenance of the Series 2000 B Facilities have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the acquisition, construction, operation and financing of the Series 2000 B Facilities were authorized or adopted at regular or special meetings of the Issuer duly and regularly called and held pursuant to the By Laws of the Issuer and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A, of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Board of the Issuer 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 the Loan Agreement.

11. [RESERVED]

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

13. BOND PROCEEDS: On the date hereof, the Issuer received from the Authority the agreed purchase price of the Bonds, being $3,650,862.95.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Issuer to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the Charleston Gazette a newspaper of general circulation in Putnam County, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Commission at the public hearing held at a public meeting of the Issuer on the 5th day of January, 2000, at 9:30 a.m., in the County Commission Meeting Room of the Putnam County Courthouse and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Secretary of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Board of the Issuer and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. NO FEDERAL GUARANTY: The Bonds are not and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

16. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimen of the Bond.

17. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Series 2000 B Facilities, 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.

WITNESS our signatures and the official seal of the PUTNAM COUNTY BUILDING COMMISSION on this 27th of January, 2000.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
	Counsel to Issuer

01/21/00
731000/97001

CH360785.3

PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

GENERAL CERTIFICATE OF
WEST VIRGINIA-AMERICAN WATER COMPANY ON:

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

The undersigned VICE PRESIDENT of WEST VIRGINIA-AMERICAN WATER COMPANY, a corporation located within and incorporated under the laws of the State of West Virginia (the "Company"), HEREBY CERTIFIES in connection with the authorization, execution and delivery of an Agreement, dated January 26, 2000, by and among the Putnam County Building Commission (the "Issuer"), The County Commission of Putnam County (the "County Commission") and the Company (the "2000 B O & M Agreement"), relating to the acquisition, construction and equipping of the Project and the subsequent operation, maintenance, repair and replacement of the Series 2000 B Facilities, pursuant to a Bond Ordinance of the Issuer enacted January 5, 2000, as supplemented by a Supplemental Resolution of the Issuer adopted January 26, 2000 (collectively, the "Bond Legislation") authorizing the Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority) in the total aggregate principal amount of $3,800,000 (the "Series 2000 B Bonds"), to be issued to the West Virginia Water Development Authority (the "Authority"), 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 is and was at all relevant times the duly elected, qualified and serving Vice President of the Company, duly elected or appointed by the Board of Directors of the Company, and is familiar with the terms

of the transactions described in the Documents, herein defined. Set forth below is my true and genuine signature.

2. DUE INCORPORATION AND GOOD STANDING: The Company is a corporation duly created, validly existing and in good standing under the laws of the State of West Virginia, duly authorized to conduct its affairs and transact business in the State of West Virginia, and is not prohibited by any provision of its Articles of Incorporation or By-Laws from conducting its business described in, or effectuating the transactions contemplated in, the 2000 B O & M Agreement and the other Documents, herein defined.

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

Certified copy of Certificate of Good Standing

Orders of the Public Service Commission of West Virginia

2000 B O & M Agreement

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

5. EXECUTION, DELIVERY AND VALIDITY OF AGREEMENT. The 2000 B O & M Agreement has been duly authorized, executed and delivered by the Company and on its behalf by duly chosen, qualified and acting officers of the Company, has not been altered, modified or otherwise amended and is in full force and effect as of the date hereof. The 2000 B O & M 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 2000 B O & M 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 2000 B O & M Agreement by the Company or in connection with the Project, the 2000 B O & M 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 looking toward liquidation or dissolution of the Company.

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

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

9. PUBLIC SERVICE COMMISSION ORDERS: The Issuer and Company have received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the

Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from The County Commission of Putnam County, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and the Issuer and the Company have taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer and Company have received the Commission Order of the Public Service Commission of West Virginia entered on January 11, 2000, and the Commission Order of the Public Service Commission of West Virginia entered on January 26, 2000, both in Case No. 99-0674-PWD-PC-CN, granting a certificate of public convenience and necessity for the Series 2000 B Facilities and approving the financing therefor. The time for appeal of such Orders has not expired prior to the date hereof. However, the parties to such Orders have stated that they will not appeal such Orders. The Company hereby certifies that it will not appeal such Orders. Such Orders are not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to the original application.

IN WITNESS WHEREOF, I have hereunto set my hand on this 27th day of January, 2000.

WEST VIRGINIA-AMERICAN WATER COMPANY

Michael A. Miller
Vice President

ATTEST:

Stephen M. Chambers
Secretary
01/26/00
731000/97001

State of West Virginia

Certificate

I, Ken Hechler, Secretary of State of the State of West Virginia, hereby certify that

WEST VIRGINIA-AMERICAN WATER COMPANY

was incorporated under the laws of West Virginia and a Certificate of Incorporation was issued by my office. The corporation has not been dissolved according to my records.

I further certify that the Tax Commissioner of West Virginia advises me that the corporation has paid all annual license taxes that are now due and that the corporation is in good standing with the State of West Virginia.

ACCORDINGLY, I issue this

CERTIFICATE OF GOOD STANDING

Given under my hand and the Great Seal of the State of West Virginia on

January 27, 2000

Secretary of State

PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

GENERAL CERTIFICATE OF THE COUNTY COMMISSION OF PUTNAM COUNTY ON:

1. INCUMBENCY; CORRECT NAME OF LESSEE
2. SIGNATURES
3. SEAL
4. AUTHORIZING RESOLUTION, ETC.
5. AUTHORIZATION, EXECUTION AND DELIVERY OF BOND DOCUMENTS
6. NO LITIGATION
7. NO ADVERSE CIRCUMSTANCES, ETC.
8. REPRESENTATIONS OF THE LESSEE
9. NO FEDERAL GUARANTY
10. CONFLICT OF INTEREST
11. RELIANCE

The undersigned PRESIDENT and the undersigned CLERK of THE COUNTY COMMISSION OF PUTNAM COUNTY (the "Lessee"), a public corporation and political subdivision of the State of West Virginia, HEREBY CERTIFY, for and on behalf of the Lessee, to all counsel connected with the above-captioned bond issue and to other interested parties as follows, jointly unless otherwise stated, all capitalized terms used herein and not otherwise defined herein having the meanings set forth in the Agreement and Lease of Series 2000 B Facilities dated as of January 27, 2000 (the "Lease"), between the Putnam County Building Commission (the "Issuer"), as lessor (the "Lessor"), and the lessee, as Lessee, and the Agreement dated January 26, 2000, by and among the Issuer, the Lessee and West Virginia-American Water Company (the "2000 B O & M Agreement"):

1. INCUMBENCY; CORRECT NAME OF LESSEE. The proper name of the Lessee is "The County Commission of Putnam County," and the Lessee is a public corporation and political subdivision of the State of West Virginia. The members and officers of the Issuer, all duly elected, qualified, authorized and acting in accordance with the provisions of law, are and have been at all relevant times, as follows:

James H. Caruthers, Jr.	-	President and Member
Clinton E. Beaver	-	Member
James A. Withrow	-	Member
Michael W. Elliott	-	Clerk

The aforesaid Commissioners and Clerk have duly taken the prescribed oaths of office and have duly filed bonds as required by law.

2. SIGNATURES. Below are our true and genuine signatures.

3. SEAL. The seal which is impressed upon this certificate is the legally adopted, proper and only official corporate seal of the Lessee.

4. AUTHORIZING ORDINANCE, ETC. Delivered herewith is a true, correct and complete copy of an Ordinance (the "Authorizing Legislation"), among other things, authorizing the execution and delivery of the hereinafter defined and described Bond Documents, approving the financing of the acquisition, construction and equipping of the Project by the Issuer through the issuance of its Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority) (the "Bonds"), and the leasing of the Series 2000 B Facilities by the Lessee from the Issuer pursuant to the Lease, duly enacted by the Lessee at a meeting duly and regularly called and held on January 5, 2000, after due and proper notice thereof, at which meeting a quorum of duly elected, qualified and serving members of the Lessee was present and acting throughout. Since adoption, the Authorizing Legislation has not been amended, annulled, modified, rescinded, repealed, revoked or otherwise altered and the same is in full force and effect on the date hereof.

5. AUTHORIZATION, EXECUTION AND DELIVERY OF BOND DOCUMENTS. The following documents conform with the forms prescribed in the Authorizing Legislation, the execution and delivery thereof having been duly authorized, approved, ratified and/or confirmed by all necessary and proper action, and each such document required to be executed by the Lessee has been properly executed by the President, acknowledged, where appropriate, and the seal of the Lessee has been duly affixed and attested by the Clerk, where appropriate, in multiple counterparts thereof and such documents (the "Bond Documents") have been delivered to the Issuer and others:

Agreement & Lease of Series 2000 B Facilities

2000 B O & M Agreement

Authorizing Legislation

6. NO LITIGATION. No action, suit, inquiry, investigation, litigation, controversy or proceeding is pending against or affecting the Lessee or to our knowledge

threatened against the Lessee in any court or administrative or governmental body or arbitration board contesting, questioning or affecting the due organization and valid existence or powers of the Lessee, the titles of the members of the Lessee to their offices or the validity, due authorization and execution of the Bond Documents or the Authorizing Legislation, or attempting to limit, enjoin or otherwise affect, restrict or prevent the issuance of the Bonds, the acquisition, construction and equipping of the Project, the creation and valid existence of the Issuer, the appointment of the members thereof, the leasing of the Facilities by the Lessee, the performing of the transactions contemplated in the Lease, the 2000 B O & M Agreement and the Authorizing Legislation or the functioning and making payments pursuant to the Lease or the 2000 B O & M Agreement or which would adversely affect the validity or enforceability of the Bonds, the Lease, the 2000 B O & M Agreement, the Authorizing Legislation or any other document, instrument or agreement in connection therewith.

7. NO ADVERSE CIRCUMSTANCES, ETC. To our knowledge, no event affecting the Lessee has occurred since the date of the creation thereof which should be disclosed at this time to make all certifications herein and all covenants and provisions regarding the Lessee contained in the Lease, the 2000 B O & M Agreement, the Authorizing Legislation and all documents, instruments, agreements and certificates in connection therewith apply fully and in good faith upon delivery of the Lease and the 2000 B O & M Agreement. There has been no adverse change in the financial condition of the Lessee since June 30, 1999. There is not any indebtedness or obligation outstanding which has priority over or ranks on a parity with the Lease as to the source of and security for payment.

8. REPRESENTATIONS OF THE LESSEE. The representations and warranties of the Lessee or pertaining to the Lessee contained in the Lease and the 2000 B O & M Agreement and all documents, instruments, agreements and certificates in connection therewith are true, complete and correct in all material respects on and as of the date hereof, with the same effect as though such representations and warranties had been made on and as of the date hereof.

9. NO FEDERAL GUARANTY. The Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

10. CONFLICT OF INTEREST. No member or officer of the Lessee is pecuniarily interested, directly or indirectly, in the Bonds, the Lease, the 2000 B O & M Agreement.

IN WITNESS WHEREOF, we have hereunto set our hands and caused the official seal of THE COUNTY COMMISSION OF PUTNAM COUNTY to be affixed on this 27th day of January, 2000.

[SEAL]

SIGNATURE	OFFICIAL TITLE
_____	President
_____	Clerk

01/26/00
731000/97001

CH587392.2

State of West Virginia

Certificate

I, Ken Hechler, Secretary of State of the State of West Virginia, hereby certify that

WEST VIRGINIA-AMERICAN WATER COMPANY

was incorporated under the laws of West Virginia and a Certificate of Incorporation was issued by my office. The corporation has not been dissolved according to my records.

I further certify that the Tax Commissioner of West Virginia advises me that the corporation has paid all annual license taxes that are now due and that the corporation is in good standing with the State of West Virginia.

ACCORDINGLY, I issue this

CERTIFICATE OF GOOD STANDING

Given under my hand and the Great Seal of the State of West Virginia on

January 27, 2000

Secretary of State

PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

ENGINEER'S CERTIFICATE

I, David A. Carovillano, Registered Professional Engineer, West Virginia License No. 12347, of West Virginia-American Water Company, Charleston, West Virginia (the "Company"), hereby certify as follows:

1. My company is engineer for the acquisition and construction of a public waterworks system (the "Project") of the Putnam County Building Commission (the "Issuer"), to be constructed primarily in Putnam 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 meanings set forth in the Bond Ordinance enacted by the Issuer on January 5, 2000, and the Loan Agreement dated January 27, 2000, by and between the Issuer and the West Virginia Water Development Authority (the "Authority").

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

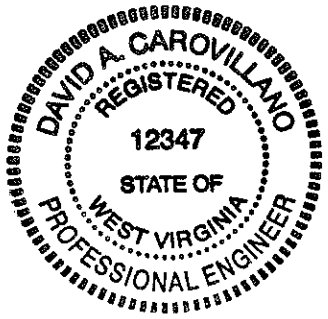
3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by the Company and approved by the Bureau for Public Health and the Public Service Commission of West Virginia and any change orders approved by the Issuer and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 40 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 as set forth in the Schedule A attached hereto as Exhibit A and the Company has ascertained that all successful bidder(s) 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 bidder(s) received any and all addenda to the original bid documents; (v) the bid documents

relating to the Project reflect the Project as approved by the Bureau for Public Health and the Public Service Commission of West Virginia and the bid form(s) provided to the bidders contain all critical operational components of the Project; (vi) the successful bid(s) include prices for every item on such bid form(s); (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits* required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System, (ix) as of the effective date thereof, in reliance upon the certificate of the Issuer's certified public accountant, Laura G. Gardner, of even date herewith, all Revenues of the Issuer received from The County Commission of Putnam County (the "County Commission") under and pursuant to the Agreement and Lease of Series 2000 B Facilities dated as of January 27, 2000 (the (Lease"), will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule A attached hereto; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

WITNESS my signature and seal on this 27th day of January, 2000.

WEST VIRGINIA-AMERICAN
WATER COMPANY

(SEAL)



David A. Carovillano, P.E.
West Virginia License No. 12347

01/26/00
731000/97001

*West Virginia Department of Transportation - Division of Highways permit issuance contingent upon contractors bond submission.

CH360493.2

Date: January 26, 2000

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Putnam County Building Commission
ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF AUTHORITY FINANCING.

A. Cost of Project

1.	Construction	$ 8,726,332	
1A.	Design	$ 531,271	
2.	Technical Services	$ 30,666	
3.	Legal and Fiscal	$ 40,000	
4.	Administrative/Inspection	$ 732,517	
5.	Site and Other Lands	$ 40,000	
6.	Step I and/or Step II (Design) or Other Loan Repayment (Specify Type: _____)	$	
7.	Interim Financing Costs	$	
8.	Contingency	$ 872,633	
			$ 10,973,419

B. Sources of Funds

10.	Federal Grants[1] (Specify Source)	$	
11.	State Grants: (Specify Source)	$	
12.	Other Grants: (Specify Source)	$	
13.	Any Other Source[2] (Specify) WVAWC	$ 1,590,000	
14.	Total of Lines 10 through 13		$ 1,590,000
15.	Net Proceeds Required from Bond Issue (Line 9 less Line 14)		$ 9,383,419

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[1] Attach supporting documentation not previously submitted. If not yet available, state such and expectations as to availability.

[2] For example: interest earnings during construction, if applicable. Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation if available (if not yet available, state such and exceptions as to availability).

C. Cost of Financing

16.	Capitalized Interest (Construction period plus six months)	$ 272,500	
17.	Funded Reserve Account [3]		
18.	Other Costs [4] (Note 1)	$ 754,081	
19.	Total Cost of Financing (Lines 16 through 18)		$ 1,026,581
20.	Size of Bond Issue (Line 15 plus Line 19)		$ 10,410,000

Additional or explanatory material may be provided on additional sheets attached to Schedule A.

SIGNATURE OF AUTHORIZED OFFICE OF APPLICANT

SIGNATURE OF ENGINEER

Note 1: Includes $198,120 deposited to Escrow Account

[3] Consult with bond counsel and the Authority before assuming a funded reserve.

[4] For example, fees of bond counsel for the Governmental Agency.

Laura G. Gardner, CPA

P.O. Box 609
Poca, WV 25159

304 757-5710 304 757-7520 fax
penguin@citynet.net

January 27, 2000

Putnam County Building Commission
Waterworks Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

West Virginia Water Devlopment Authority
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the lease payments to be made by The County Commission of Putnam County (the "County Commission") to the Putnam County Building Commission (the "Issuer"), under that certain Agreement and Lease of Series 2000 B Facilities dated as of January 27, 2000, by and between the County Commission and the Issuer, it is my opinion that such payments will be sufficient, so long as such payments are made, to provide revenues which will be sufficient to pay 100% of the maximum amount required in any year for debt servcie on the Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), to be issued to the West Virginia Water Development Authority on the date hereof.

Very truly yours,

Laura G. Gardner

Laura G. Gardner, CPA
Certificate No. 1237

VIRGINIA:

At a REGULAR SESSION of the COUNTY COMMISSION of Putnam County, West Virginia, held and for said County at the Court House thereof, pursuant to law on Thursday the 28th day August, 1980.

PRESENT: R. B. ALLEN, President
Leff Moore, Commissioner

****

IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

The Putnam County Commission sitting in regular session this 28th day of August, 80, does hereby, ORDER that there be created and established a County Building Commission, rsuant to Chapter 8, Article 33 of the West Virginia Code, as amended (the "Act"), to be own as the Putnam County Building Commission, which said Building Commission shall have all powers rights and duties as set forth in the Act, subject to the proviso hereinafter set rth, with the number of members for said Building Commission set at three, with the origi- l Board of said Building Commission consisting of three members.

Upon the expiration of an original Board member's term, the new appointment shall for 3 years. No more than two-thirds of the members of said Board may be from the same litical party, and no member may be an officer of or be employed by the United States vernment, the State of West Virginia, or any County or political subdivision thereof of any litical party.

Vacancies on said Board shall be filled as specified by the Act., All member of d Board shall be residents of the County of Putnam. Appointments to said Board shall be e by the County Commission.

It is, hereby, ORDERED that the initial members of said Building Commission be, d they are hereby, appointed for the following initial terms:

Robert Hatfield, - Hurricane, for a term of 1 year;

Frank Armada, - Poca, for a term of 2 years; and

Charles Sigman, - Poca, for a term of 3 years.

l said terms shall run from the date of entery of this Order.

PROVIDED, however, that the said Building Commission shall not undertake any pro- ct or exercise any of the powers authorized by the provisions of the Act in support on pursuance of any project, unless such project is first approved by the County Commission by er entered of record.

It is, hereby, ORDERED that the Putnam County Building Commission be and the same hereby authorized to arrange, under the provisions of the Act, the acquisition, construc- and financing of the costs of a new 68-bed Putnam County General or acute care hospital [illegible], and in regard thereto, to exercise any and all the powers conferred upon [illegible] by the Act.

[illegible] this 28th day of August, 1980.

S/ R. B. Allen
R. B. Allen, President

Absent
John D. Henson, Commissioner

S/ Leff Moore
Leff Moore, Commissioner

[illegible]:

[illegible] Attorney of Putnam County.

RECYCLED PAPER
RECYCABLE

IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

The County Commission of Putnam County, West Virginia sitting in regular session this 17th day of July, 1995, does hereby RE-APPOINT Charles Sigman, P. O. Box 585, Poca, WV 25159 to serve as a member of the Putnam County Building Commission for a five (5) year term. This term will expire 7-17-00.

Enter this 17th day of July, 1995.

Stephen Hodges, JR., President

Franklin D. Bannister, Commissioner

James H. Caruthers, Jr., Commissioner

COPY

IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

The County Commission of Putnam County, West Virginia, sitting in regular session this the 17th day of March, 1999 does hereby REAPPOINT Mr. Robert Hatfield, Poplar Fork Road, Hurricane, WV 25526 to the Putnam County Building Commission with a term to become effective August 27, 1996 and expire August 26, 2001.

It is further ORDERED that the Clerk of this Commission certify one copy of this order to the above-named appointee.

ENTER NUNC PRO TUNC this the 17th day of March, 1999 as of August 27, 1996.

Clinton Beaver, President

James H. Caruthers, Jr., Commissioner

James A. Withrow, Commissioner

IN THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA

The County Commission of Putnam County, West Virginia, sitting in regular session this the 17th day March, 1999 does hereby REAPPOINT Mr. Frank Armada, 1 Armada Building, Teays Valley Ro Hurricane, West Virginia 25526 to the Putnam County Building Commission with a term to becom effective August 27, 1997 and expire August 26, 2002.

It is further ORDERED that the Clerk of this Commission certify one copy of this order to the above-na appointee.

ENTER NUNC PRO TUNC this the 17th day of March, 1999 as of August 27, 1997.

Clinton Beaver, President

James H. Caruthers, Jr., Commissioner

James A. Withrow, Commissioner

OFFICIAL OATH

STATE OF WEST VIRGINIA,

PUTNAM COUNTY, SS:

I, Frank Armada 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 Putnam County Building Commission (term to expxire 8/26/2002) to the best of my skill and judgement, SO HELP ME GOD.

Frank H Armada

Subscribed and sworn to before me this 20th day of April, 19 99.

Michael W Elliott CLERK
Putnam County Commission,
Winfield, West Virginia

STATE OF WEST VIRGINIA
County of Putnam, to-wit:
I, MICHAEL W. ELLIOTT, Clerk of the County Commission of said County, do hereby certify that the foregoing writing was this day produced to me in my said office and together with the certificate thereto annexed, was duly admitted to record therein.

Given under my hand this 23 day of April, 19 99
28p
Michael W. Elliott Clerk.

BOOK 0010 PAGE 074

OFFICIAL OATH

STATE OF WEST VIRGINIA,

PUTNAM COUNTY, SS:

I, Robert Hatfield 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 Putnam County Building Commission (term to expire 8/26/2001) to the best of my skill and judgement, SO HELP ME GOD.

Robt A. Hatfield

Subscribed and sworn to before me this 20th day of April, 19 99.

Michael W. Elliott CLERK
Putnam County Commission,
Winfield, West Virginia

BY: J. Seibert Deputy

STATE OF WEST VIRGINIA
County of Putnam, to-wit:
I, MICHAEL W. ELLIOTT, Clerk of the County Commission of said County, do hereby certify that the foregoing writing was this day produced to me in my said office and together with the certificate thereto annexed, was duly admitted to record therein.

Given under my hand this 20 day of April, 1999.

Michael W. Elliott 153 A
Clerk.

STATE OF WEST VIRGINIA,
Putnam County. } ss.

I, Charles Sigman do solemnly swear that I will support the Constitution of the United States of America, and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Putnam County Building Commission for a five (5) year term to expire 7/17/00 to the best of my skill and judgment, so help me God.

Charles Sigman

Subscribed and sworn to before me this 4th day of March, 19 96

Harold Summers, Clerk.
Putnam County Commission, W. Va.

By Colleen Stone, Deputy.

WEST VIRGINIA, Putnam County Commission Clerk's Office, March 4, 19 96

This day the foregoing oath together with certificate attached was duly admitted to record herein.

Attest: Harold Summers, Clerk.

By V. Seibert, Deputy.

RECYCLED PAPER
RECYCLABLE

BYLAWS

PUTNAM COUNTY BUILDING COMMISSION

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: Putnam County Building Commission (the "Building Commission").

Section 2. The principal office of the Building Commission will be located at the Putnam County Courthouse, Winfield, West Virginia.

Section 3. The Common Seal of the Building Commission shall consist of 2 concentric circles between which circles shall be inscribed "Putnam County Building Commission" and in the center "seal" as follows:

ARTICLE II

PURPOSE

The Building Commission is organized exclusively for the purposes set forth in Chapter 8, Article 33 of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Building Commission shall be those persons appointed by The County Commission of Putnam County, West Virginia, (the "County Commission") who shall serve for such terms as may be specified in the order of the County Commission by which they are appointed.

Section 2. Should any member of the Building Commission resign or otherwise become legally disqualified to serve as a member of the Building Commission, the Secretary shall immediately notify the County Commission and request the appointment of

a qualified person to fill such vacancy. Prior to the end of the term of any member, the Secretary shall notify the County Commission of the pending termination and request the County Commission to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Building Commission.

Section 3. No member of the Building Commission shall receive any compensation for his services as such, but each member shall be reimbursed by the Building Commission for any reasonable and necessary expenses actually incurred in the discharge of his duties as a member of the Building Commission.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Building Commission shall hold a regular meeting on the first Monday in January each year at the meeting room of the County Commission and at such 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 Building Commission may be called at any time by the Chairman or by a quorum of the Building Commission.

Section 2. At any meeting of the Building Commission, 2 members shall constitute a quorum. Each member of the Building Commission 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 waived, notice to members by letter or telephone shall be required for all special meetings and such notice shall be given at least 2 days before the date fixed for such meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted, 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 Chapter 6, Article 9A of the Code of West Virginia, 1931, as amended, notice of the time and place of all regularly scheduled sessions of the Building Commission, and the time, place and purpose of all special sessions of the Building Commission, shall be made available, in advance, to the public and news media as follows:

A. A notice shall be posted by the Secretary of the Building Commission at the front door of the Putnam County Courthouse of the time and place fixed and entered of record by the Building Commission for the holding of regularly scheduled sessions. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the Secretary not less than 48 hours before each regular meeting is to be held. If a particular regularly scheduled session is canceled or postponed, a notice of such cancellation or postponement shall be posted at the front doors of the Courthouse as soon as feasible after such cancellation or postponement has been determined upon.

B. A notice shall be posted by the Secretary of the Building Commission at the front door to the Putnam County Courthouse at least 48 hours before a special session is to be held, stating the time, place and purpose for which such special session shall be held. If the special session is canceled, a notice of such cancellation shall be posted at the front doors of the Courthouse as soon as feasible after such cancellation has been determined upon.

C. The form of notice for posting as to a special session may be generally as follows:

PUTNAM COUNTY BUILDING COMMISSION

NOTICE OF SPECIAL SESSION

The members of Putnam County Building Commission will meet in special session on _____, at _____ .m., prevailing time, at _____, West Virginia, for the following purposes:

i. To consider and act upon _____.

ii. To consider and act upon _____.

_____
Secretary

Date: _____

ARTICLE V

OFFICERS

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

Section 2. The officers of the Building Commission shall be elected each year by the members at the regular meeting held in January of each year, or at such later date as may be agreed to by the members. 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 Building Commission at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Building Commission 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 Building Commission. He shall, together with the Secretary, sign the minutes of all meetings at which he shall preside. He shall attend generally to the executive business of the Building Commission and exercise such powers as may be conferred upon him by the Building Commission, by these Bylaws, or prescribed by law. He 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 Building Commission when and if directed by the members of the Building Commission.

Section 2. If the Chairman is absent from any meeting, the remaining members of the Building Commission shall select a temporary chairman.

Section 3. The Secretary shall keep a record of all proceedings of the Building Commission which shall be available for inspection as other public records. He shall, together with the Chairman, sign the minutes of the meetings at which he is present. The Secretary shall have charge of the minute book and the official seal of the Building Commission, be the custodian of deeds and other writings and papers of the Building Commission. He shall also perform such other duties as he may have under law by virtue

of his office or as may be conferred upon him from time to time by the members of the Building Commission.

Section 4. The Treasurer shall be the lawful custodian of all funds of the Building Commission and shall pay same out on orders authorized or approved by the Building Commission. 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 Building Commission 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 Building Commission.

ARTICLE VII

AMENDMENTS TO BYLAWS

These Bylaws may be altered, changed, amended or added to at any regular or special meeting of the Building Commission by a majority vote of the entire membership, 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 or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

12/20/99
731000/97001

PUTNAM COUNTY BUILDING COMMISSION

Public Waterworks Revenue Bonds, Series 2000 A,
and Public Waterworks Lease Revenue Bonds, Series 2000 B

MINUTES ON ADOPTION OF BOND AUTHORIZING ORDINANCES - FIRST READING

The undersigned, CHAIRMAN of the Putnam County Building Commission, hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Building Commission.

*** *** ***

The Putnam County Building Commission met in special session, pursuant to notice duly posted, on the 15th day of December, 1999, in Winfield, West Virginia, at the hour of 9:30 a.m.

PRESENT:	Robert F. Hatfield	-	Chairman and Member
	Charles Sigman	-	Secretary and Member
	Frank M. Armada	-	Member

ABSENT: None.

Robert F. Hatfield, Chairman, presided, and Charles Sigman acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, following nomination and vote for each office, the following members were elected to the following offices for the remainder of the 1999 calendar year:

Robert F. Hatfield	Chairman
Charles Sigman	Secretary

Thereupon, the Chairman proposed revisions to the Commission's bylaws to affect compliance with the West Virginia Open Governmental Proceedings Act for consideration and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said bylaws be amended as necessary and be in full force and effect on and from the date hereof.

Thereupon, the Chairman presented two proposed Bond Ordinances in writing entitled:

> ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC WATERWORKS SYSTEM OF THE PUTNAM COUNTY BUILDING COMMISSION AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE ISSUER OF NOT MORE THAN $10,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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

> ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC WATERWORKS SYSTEM OF THE PUTNAM COUNTY BUILDING COMMISSION AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE ISSUER OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS LEASE REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that said Bond Authorizing Ordinances be adopted upon first reading.

*** *** ***

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

Robert F. Hartfield

Chairman

CERTIFICATION

I hereby certify that the foregoing action of said Putnam County Building Commission remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 27th day of January, 2000.

Secretary

01/24/00
731000/97001

CH356363.1

PUTNAM COUNTY BUILDING COMMISSION

Public Waterworks Revenue Bonds, Series 2000 A,
and Public Waterworks Lease Revenue Bonds, Series 2000 B

MINUTES ON ADOPTION OF BOND AUTHORIZING ORDINANCE - SECOND READING

The undersigned, CHAIRMAN of the Putnam County Building Commission, hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the Building Commission:

*** *** ***

The Putnam County Building Commission met in special session, pursuant to notice duly given, on December 22, 1999, at Winfield, West Virginia, at the hour of 9:30 a.m.

PRESENT:	Robert F. Hatfield	-	Chairman and Member
	Charles Sigman	-	Secretary and Member
ABSENT:	Frank M. Armada	-	Member

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it. He stated that the proposed Bond Authorizing Ordinances heretofore passed on first reading would be considered upon second reading.

Thereupon, the Chairman presented the proposed Bond Authorizing Ordinances for adoption upon second reading and caused the same to be read as follows:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC WATERWORKS SYSTEM OF THE PUTNAM COUNTY BUILDING COMMISSION AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE ISSUER OF NOT MORE THAN $10,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC WATERWORKS SYSTEM OF THE PUTNAM COUNTY BUILDING COMMISSION AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE ISSUER OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS LEASE REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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.

Thereupon, on motion duly made and seconded, it was unanimously ordered that said Bond Authorizing Ordinances be adopted upon second reading.

*** *** ***

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

Robert R. Worthington

Chairman

CH356384.1

CERTIFICATION

I hereby certify that the foregoing action of said Putnam County Building Commission remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 27th day of January, 2000.

Secretary

01/26/00
731000/97001

PUTNAM COUNTY BUILDING COMMISSION

Public Waterworks Revenue Bonds, Series 2000 A,
and Public Waterworks Lease Revenue Bonds, Series 2000 B

MINUTES ON ADOPTION AND ENACTMENT OF
BOND AUTHORIZING ORDINANCES
(THIRD READING FOLLOWING PUBLIC HEARING)

The undersigned, CHAIRMAN of the Putnam County Building Commission, hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the Building Commission:

*** *** ***

The Putnam County Building Commission met in special session, pursuant to notice duly given, on January 5, 2000, at Winfield, West Virginia, at the hour of 9:30 a.m.

PRESENT:	Robert F. Hatfield	-	Chairman and Member
	Charles Sigman	-	Secretary and Member
	Frank M. Armada	-	Member

ABSENT: None.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, following nomination and vote for each office, the following members were elected to the following offices for the remainder of the 2000 calendar year:

Robert F. Hatfield	-	Chairman
Charles Sigman	-	Secretary

Thereupon, the Chairman stated that the proposed Bond Authorizing Ordinances heretofore passed on first and second readings would be subject to protests and suggestions from any interested person at this time in accordance with the publication of an abstract of the Bond Authorizing Ordinances and a Notice of Hearing, which publication has been duly made, and the Chairman called for protests and suggestions as to the Bond Authorizing Ordinances and all persons desiring to protest the Bond Authorizing Ordinances or to make any suggestions with reference thereto were heard.

There being no protests or suggestions made as to the Bond Authorizing Ordinances, the Chairman thereupon stated that it would be in order to consider the Bond Authorizing Ordinances for final enactment and the Chairman caused the Bond Authorizing Ordinances to be read as follows:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC WATERWORKS SYSTEM OF THE PUTNAM COUNTY BUILDING COMMISSION AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE ISSUER OF NOT MORE THAN $10,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC WATERWORKS SYSTEM OF THE PUTNAM COUNTY BUILDING COMMISSION AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE ISSUER OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATERWORKS LEASE REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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.

Thereupon, on motion duly made and seconded, it was unanimously ordered that the above-entitled Ordinances be finally enacted and put into effect immediately.

* * * * * * * * *

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

Robert F. Warfield

Chairman

CERTIFICATION

I hereby certify that the foregoing action of said Putnam County Building Commission remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 27th day of January, 2000.

Secretary

01/26/00
73100/97001

CH356390.1

PUTNAM COUNTY BUILDING COMMISSION

Public Waterworks Revenue Bonds, Series 2000 A,
and Public Waterworks Lease Revenue Bonds, Series 2000 B

MINUTES ON ADOPTION OF SUPPLEMENTAL RESOLUTION

The undersigned, CHAIRMAN of the Putnam County Building Commission, hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the Building Commission:

*** *** ***

The Putnam County Building Commission met in special session, pursuant to notice duly given, on January 26, 2000, at Wellington's of Scarlet Oak's County Club, Poca, West Virginia, at the hour of 11:45 a.m.

PRESENT:	Robert F. Hatfield	-	Chairman and Member
	Charles Sigman	-	Secretary and Member
	Frank Armada	-	Member

ABSENT: None.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

The Chairman presented proposed Supplemental Resolutions in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE WATERWORKS REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF THE PUTNAM COUNTY BUILDING COMMISSION; AMENDING CERTAIN PROVISIONS OF THE ORDINANCE AUTHORIZING THE BONDS; AUTHORIZING AND APPROVING A DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING AND A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR,

PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and

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 WATERWORKS LEASE REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF THE PUTNAM COUNTY BUILDING COMMISSION; AMENDING CERTAIN PROVISIONS OF THE ORDINANCE AUTHORIZING THE BONDS; AUTHORIZING AND APPROVING AN AGREEMENT AND LEASE, A DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING, A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that said Supplemental Resolutions be adopted and put into effect immediately.

*** *** ***

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

Robert F. Hartsell

Chairman

CERTIFICATION

I hereby certify that the foregoing action of said Putnam County Building Commission remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 27th day of January, 2000.

Secretary

01/26/00
73100/97001

CH360948.1

CHARLESTON NEWSPAPERS
P.O. Box 2993
Charleston, West Virginia 25330
Billing 348-4898
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INVOICE DATE	01/03/00
ACCOUNT NBR	049350000
SALES REP ID	0070
INVOICE NBR	703254001

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ISSUE DATE	AD TYPE	PUB	DESCRIPTION REFERENCE NBR PURCHASE ORDER #	AD NUMBER	AD SIZE TOTAL RUN	RATE	GROSS AMOUNT	NET AMOUNT
12/23	LEGF	GZ	PUBLIC HEARING II 703254001	L442163	1X1888 18.88	5.82	109.89	109.89
12/30	LEGR	GZ	PUBLIC HEARING II 703254002		1X1888 18.88	5.82	109.89	
			LEGAL DISCOUNT 25%				27.47-	82.42
			TOTAL INVOICE AMOUNT					192.31

State of West Virginia, AFFIDAVIT OF PUBLICATION

I, Sandra Legg of

THE CHARLESTON GAZETTE, A DAILY DEMOCRATIC NEWSPAPER, published in the city of Charleston, Kanawha County, West Virginia, do solemnly swear that the annexed notice of:

PUBLIC HEARING II

was duly published in said paper(s) during the dates listed below, and was posted at the front door of the court house of Said Kanawha County West Virginia, on the 24TH day of DECEMBER 1999. Published during the following dates: 12/23/99-12/30/99

Subscribed and sworn to before me this 10 day of February.

Printers fee $ 192.31

Lynn R. Fielder
Notary Public of Kanawha County, West Virginia

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
LYNN R. FIELDER
HUNTINGTON, WV
My Commission Expires December

NOTICE OF PUBLIC HEARING ON TWO BOND AUTHORIZING ORDINANCESAUTHORIZING THE ISSUANCE OF THE PUTNAM COUNTY BUILDING COMMISSION PUBLICWATERWORKS REVENUE BONDS, SERIES 2000 A, AND PUBLIC WATERWORKS LEASE REVENUE BONDS, SERIES 2000 B

A public hearing will be held on the following-entitled Ordinance at a special meeting of the members of The County Commission of Putnam County to be held on January 5, 2000, at 9:30 a.m., in the County Commission meeting room of the Putnam County Courthouse, located at 3389 Winfield Road, Winfield, Putnam County, West Virginia, and at such hearing any person interested may appear before the Commission and present protests and all objections and suggestions shall be heard by the Building Commission and it shall then take such action as it shall deem proper in the premises upon two Ordinance respectively entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC WATERWORKS SYSTEM OF THE PUTNAM COUNTY BUILDING COMMISSION AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE ISSUER OF NOT MORE THAN $10,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF PUBLIC WATERWORKS REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC WATERWORKS SYSTEM OF THE PUTNAM COUNTY BUILDING COMMISSION AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE ISSUER OF NOT MORE THAN $5,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF PUBLIC WATERWORKS LEASE REVENUE BONDS, SERIES 2000 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); 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 AND THE LEASING OF SUCH NEW FACILITIES TO THE COUNTY COMMISSION OF PUTNAM COUNTY; 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.

The above-entitled Ordinances were adopted by the County Commission on December 22, 1999.

The above-quoted titles of the Ordinances describe generally The contents thereof and the purposes of the Bond issues contemplated thereby. The Building Commission contemplates the issuance of the Bonds described in the Ordinances. The Bonds will e issued in the maximum aggregate principal amount of $15,000,000. The proceeds of the Bonds will be used to provide financing for a portion of the costs of acquisition and construction of a new waterworks system to serve areas of Putnam County. The facilities will be owned by the Building Commission and a portion will be leased to The County Commission of Putnam County. The Series 2000 A Bonds will be payable solely from revenues of the facilities. The Series 2000 B Bonds will be payable solely from lease rentals to be made by The County Commission of Putnam County to the Building Commission. No taxes may at any time be levied for the payment of either series of Bonds or the interest thereon.

The Bonds shall not constitute indebtedness of the County, but shall be limited obligations of the County, payable solely from the property, revenues and moneys pledged therefor, and neither the Bonds nor the interest thereon, nor any charge in connection therewith, shall be a charge against the general credit or taxing powers of the County, nor shall the same ever constitute an indebtedness of the County within the meaning of any constitutional provision of statutory limitations.

Certified copies of the above-entitled Ordinances are on file at the office of the Secretary of the Building Commission for review by interested parties during regular office hours.

Following said public hearing, the Building Commission intends to enact said Ordinances upon final reading.

Dated: December 22, 1999.

Robert Hatfield
Chairman
(442163)

30

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

NEW ISSUE REPORT FORM

Date of Report: January 27, 2000

(See Reverse for Instructions)

ISSUE: Putnam County Building Commission Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority)

ADDRESS: 89 Winfield Road, Winfield, West Virginia 25213 COUNTY: Putnam

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: January 27, 2000

CLOSING DATE: January 27, 2000

ISSUE AMOUNT: $3,800,000

RATE: 4.350% - 6.375%

1ST DEBT SERVICE DUE: June 1, 2000

1ST PRINCIPAL DUE: June 1, 2001

1ST DEBT SERVICE AMOUNT: $ 112,651.25

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins, Esq.
Phone: (304) 624-8161

UNDERWRITERS COUNSEL: Jackson & Kelly
Contact Person: Samme L. Gee, Esq.
Phone: (304) 340-1318

CLOSING BANK: City National Bank of West Virginia
Contact Person: Roy Hamilton
Phone: (304) 586-2100

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Robert F. Hatfield
Position: Chairman
Phone: (304) 586-0201

OTHER: ____
Contact Person: ____
Function: ____
Phone: (304)

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

____ Accrued Interest: $____
____ Capitalized Interest: $____
____ Reserve Account: $____
____ Other: ____ $____

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

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

NOTES: ____

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

CH361032.2

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specificed by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

CITY NATIONAL BANK OF WEST VIRGINIA, Eleanor, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance duly enacted by the Putnam County Building Commission (the "Issuer") on January 5, 2000, and a Supplemental Resolution duly adopted by the Issuer on January 26, 2000 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), dated January 27, 2000, in the principal amount of $3,800,000 (the "Bonds"), and agrees to serve as Depository Bank in connection with such Bonds, all as set forth in said Bond Legislation.

WITNESS my signature on this 27th of January, 2000.

CITY NATIONAL BANK OF WEST VIRGINIA

Vice President

01/25/00
731000.97001

CH360290.1

PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with Putnam County Building Commission Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), dated January 27, 2000, issued in the principal amount of $3,800,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 27th day of January, 2000.

ONE VALLEY BANK,
NATIONAL ASSOCIATION

Charlotte A. Morgan

Assistant Vice President

01/18/00
731000.97001

PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

CERTIFICATE OF REGISTRATION OF BONDS

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement in connection with the above-captioned bond of the Putnam County Building Commission (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Putnam County Building Commission Waterworks Lease Revenue Bond, Series 2000 B (West Virginia Water Development Authority), of the Issuer, dated January 27, 2000, in the principal amount of $3,800,000, numbered BR-1, was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 27th day of January, 2000.

ONE VALLEY BANK,
NATIONAL ASSOCIATION

Charlotte S. Morgan

Assistant Vice President

01/18/00
731000.97001

PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 27th day of January, 2000, by and between the PUTNAM COUNTY BUILDING COMMISSION, a public corporation of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $3,800,000 aggregate principal amount of Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted January 5, 2000, and a Supplemental Resolution of the Issuer duly adopted January 26, 2000 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out

the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Putnam County Building Commission
89 Winfield Road
Winfield, West Virginia 25213
Attention: Chairman

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

PUTNAM COUNTY BUILDING COMMISSION

Chairman

ONE VALLEY BANK, NATIONAL ASSOCIATION

Assistant Vice President

01/21/00
731000/97001

CH360303.2

EXHIBIT A

[Included in transcript as Documents No. 1 and 2]

THIS 2000 B OPERATION AND MAINTENANCE AGREEMENT is made as of January 26, 2000, by and among WEST VIRGINIA-AMERICAN WATER COMPANY, a West Virginia corporation (hereinafter the "Company"), PUTNAM COUNTY BUILDING COMMISSION, a public corporation ("PCBC") and THE COUNTY COMMISSION OF PUTNAM COUNTY, WEST VIRGINIA (the "County Commission").

W I T N E S S E T H:

WHEREAS, Company, County Commission and PCBC have agreed to enter into a public/private water utility project (the "Project") for the construction of certain water utility assets (a) by PCBC (the "Commission Facilities"), (b) by PCBC and leased to the County (the "County Leased Facilities") and (c) by Company (the "Company Facilities") to provide water service to various areas of Putnam County, West Virginia; and

WHEREAS, after completion of the Project, all as more fully described herein and in the Application (the "Application") by Company, PCBC and County Commission filed or to be filed with the Public Service Commission of West Virginia (the "Public Service Commission"), PCBC will construct and own the County Leased Facilities and lease the same to the County Commission to provide water service to PCBC customers in Putnam County, West Virginia; and

WHEREAS, the County Leased Facilities to be constructed by PCBC are generally shown and described on the series of maps identified and incorporated by reference herein collectively as Appendix A; and

WHEREAS, Company currently provides the supply of potable water to substantial areas of Putnam County from Company's Kanawha Valley Treatment Plant and transmission and distribution system; and

WHEREAS, Company, through its existing water transmission and distribution facilities in Putnam County or through the Company Facilities to be constructed by Company, at its cost, as a part of the Project, will be in a position to serve citizens of Putnam County from Company Facilities or County Leased Facilities; and

WHEREAS, Company has offered to enter into this Agreement and to undertake the operation, maintenance, repair and replacement of the County Leased Facilities and to supply the estimated water needs of the customers to be served from the County Leased Facilities in Putnam County; and

WHEREAS, PCBC and the County Commission believe it is in the best interests of the residents of Putnam County for Company to operate, maintain, repair and replace the County Leased Facilities and to provide water service to the residents of Putnam County served by the Project as provided in this Agreement; and

WHEREAS, the PCBC wants Company to provide potable water directly to PCBC customers served through the County Leased Facilities and to provide assistance in the operation, maintenance, repair and replacement of the County Leased Facilities; and

WHEREAS, all new customers to be served from the Commission Facilities, the County Leased Facilities or the Company Facilities constructed as a part of the Project (all of such new customers being hereinafter referred to as "Project Customers") will be required to

pay a surcharge (the "Surcharge") of $12.00 per month for ten (10) years to the County Commission; and

WHEREAS, the County Commission has leased the County Leased Facilities from PCBC pursuant to the Agreement of Lease dated as of January 21, 2000 (the "Lease").

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, the County Commission, the Company and PCBC agree:

I. Supply of Water to Customers Served by the County Leased Facilities.

A. Upon the construction of the County Leased Facilities, Company agrees to provide to the Customers served from the County Leased Facilities (the "Leased Facilities Customers"), subject to the terms, conditions, undertakings, agreements and limitations provided in this Agreement, the total water requirements of the Leased Facilities Customers, said water delivered to the Leased Facilities Customers to be of the same quality as that supplied to Company's Customers in Kanawha and Putnam Counties. Company will be paid for the water supplied to the Customers in the manner set forth in Section V of this Agreement at the rates of Company from time to time established pursuant to Chapter 24 of the West Virginia Code, as amended.

B. Company shall monitor the water quality and be responsible for compliance with all state and federal standards for furnishing water to the public.

C. In the event of an extended shortage of water, or if the supply of water from Company is otherwise diminished or impaired, the supply of water to the Leased Facilities Customers shall be reduced or diminished in approximately the same proportion as the supply of the water to Company's Kanawha and Putnam County customers is reduced or diminished. Any notification given to Company's Kanawha and Putnam County customers of any anticipated shortage of water shall also be given to Leased Facilities Customers.

II. 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 by mutual consent of the parties; provided, however, PCBC shall have the right to terminate this Agreement on (i) sixty (60) days' prior written notice and (ii) payment at the time of such termination to Company of the amount calculated as set forth in Section VIII below; provided further, however, that in the event that termination is based upon Company's failure to remit the hereinafter described surcharge to the County Commission upon proper notice, and within a reasonable period to cure such default, no amount will be due Company hereunder, and Company will be obligated to collect service charges and surcharges from PCBC Customers, and remit the same on a monthly basis to the PCBC and to the County Commission, respectively.

III. Future Additions to and Future Extension of County Leased Facilities.

Company and PCBC are aware that there may be written requests by PCBC for future additional use of water by Leased Facilities Customers and that there may be future approved PCBC additions and extensions made to County Leased Facilities. In addition to the other requirements set forth in this Agreement, PCBC and Company hereby specifically agree that such additional use, additions and extensions will be made only if, in the opinion of Company, Company's Kanawha Valley Treatment Plant and, when interconnected, Company's Huntington Treatment Plant, have sufficient treatment capacity and transmission, distribution and pumping facilities, including County Leased Facilities and Company's transmission and distribution mains, adequate to serve PCBC's Customers and if Company believes it otherwise economically feasible to meet the total then present and anticipated needs of both the Leased Facilities Customers and the other customers of Company's Kanawha Valley and Huntington Districts. Further, the County Commission, PCBC and Company agree as follows:

A. Future Additions. All future additions to the County Leased Facilities constructed by PCBC shall be subject to this Agreement; provided, however, that future additions to the system must be approved by the County Commission, Company and PCBC.

B. Future Extension. Customer extensions from the County Leased Facilities and within PCBC boundary lines may be installed by either PCBC or Company. When PCBC receives a request for a Customer extension, PCBC shall notify Company in writing within fifteen (15) days of its receipt of said request whether it will install the Customer extension or desires Company to make the installation.

(1) In the event PCBC desires Company to install and own the Customer extension, (i) 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 Public Service Commission, (ii) all Customers attaching to the Customer extension shall be considered Leased Facilities Customers for billing purposes at the rates of PCBC in accordance with Section V, and (iii) the Customer extension shall be, without further cost or expense of any kind, the property of Company.

(2) In the event PCBC elects to install and own the Customer extension, the construction for that Customer extension by PCBC will be contracted to a contractor acceptable to Company, and all plans and specifications for that extension shall be submitted to and approved by Company before becoming a part of PCBC's Facilities and being subject to this Agreement. When that extension is contracted to a contractor acceptable to Company, Company, on behalf of and as agent for PCBC, will contract directly with such contractor to provide the extension. Any extension deposits taken by Company on behalf of and as agent for PCBC pursuant to the Rules and Regulations of the Public Service Commission will be retained by Company and credited against the cost of the extension, and the balance of the deposit above the cost of the extension, if any, will be returned to the contracting Customer. Company, on behalf of and as agent for PCBC, will make refunds to the contracting Customers for the extensions pursuant to the Rules and Regulations of the Public Service Commission based on the rates of Company, using funds advanced to Company by PCBC (to the extent such advances are legally permissible).

(3) Refunds made pursuant to the Rules and Regulations of the Public Service Commission to Customers contracting directly with Company pursuant to subparagraph III B shall be the sole responsibility of Company, and the cost of such extensions, to the extent refunded or reimbursed to Customers pursuant to the Public Service Commission's Rules and Regulations, shall be properly includable in Company's depreciable utility plant in calculating Company's cost of service and resulting rates.

C. Surcharges Applicable. Customers served from future additions or future extensions to the Commission Facilities, the Company Facilities or the County Leased Facilities that are not otherwise connected to Company facilities shall be subject to the Surcharges provided in Section V of this Agreement.

IV. Operation and Maintenance of County Leased Facilities by Company; Company as Agent.

A. Company hereby agrees to operate, maintain, repair and replace (i) County Leased Facilities, and (ii) all water lines added thereto as additions and extensions with the written approval of the County Commission, Company and PCBC. Notwithstanding the foregoing, Company shall not be under any obligation to maintain, repair or replace at its expense, any condition, defect or malfunction arising from the installation of future additions or future extensions to the County Leased Facilities which fail to meet the standards of Company, if such discrepancy in design or installation is reported in writing by Company to PCBC within fifteen (15) days of discovery.

B. In the event that it becomes necessary to relocate, replace, maintain or repair any condition, defect or malfunction arising from faulty installation of any future additions or extensions for which notice as hereinabove set forth has been given to PCBC by Company, such replacement, relocation, maintenance or repair will be made by a contractor approved by Company or by Company upon notification by PCBC using funds advanced by Company for which Company shall be reimbursed upon termination of this Agreement under the procedures set forth in Section VIII hereof.

C. In the event Company, under the terms of this Agreement, is required to install, relocate or replace any "unit of property" within the County Leased Facilities as defined in the Uniform System of Accounts of the National Association of Regulatory Utility Commissioners ("NARUC"), Company shall make such installation, relocation or replacement at its cost; provided, however, that in every such instance the unit of property shall be, and shall remain, the property of Company (unless purchased by PCBC from Company after termination of this Agreement as provided in Section VIII hereof or constitutes a part of the County Funded Portion, in which event such property will remain the property of the PCBC subject to the Lease) and shall be properly includable in the depreciable utility plant of Company in calculating its cost of service and resulting rates.

D. PCBC agrees that, in those instances in which Company installs, replaces or relocates any unit of property on the County Leased Facilities pursuant to the provisions of Subsection C of this Section IV, PCBC will, simultaneously therewith, convey to Company all related rights of way, easements, licenses or other property interests necessary for Company

to have and own such unit of property in the location and manner in which it is installed, replaced or relocated on the County Leased Facilities.

E. The Company is hereby appointed as the agent for PCBC to design, construct and install the County Leased Facilities in accordance with good utility construction standards, and the Company shall have the right to enter into such contracts with third parties as it deems necessary or desirable to effectuate such design, construction and installation without further act or deed of PCBC.

V. Reading Meters, Billing of Customers and Payments to PCBC, Including Joint Use Payments; Surcharges to Project Customers.

A. All Customers served directly from the County Leased Facilities under this Agreement shall be Leased Facilities Customers and all Customers served directly from Company Facilities shall be the Customers of Company. Company shall read all meters of the Leased Facilities Customers and render bills to those Customers, as agent for and on behalf of PCBC, in a manner consistent with the meter reading and billing practices of Company employed in billing its own Customers, such bills to be rendered and collected by Company on behalf of PCBC and to be computed based on the usage of each PCBC Customer at the rates from time to time established pursuant to Chapter 24 of the West Virginia Code, as amended. It is the understanding and intent of the parties to this Agreement that, except for the Surcharges provided in Section VI of this Agreement, the rates of the PCBC shall reflect or mirror the rates of Company.

B. It is the intent of the County Commission, Company and PCBC under this Agreement that the bills delivered to each Leased Facilities Customer reflect the amount due for the water used (such amount to be determined by applying the rates of PCBC to the consumption of water by Leased Facilities Customers as determined by monthly or estimated meter readings). From the amount of money collected from each Project Customer in payment of each monthly bill, Company will pay to the County Commission on a customer-by-customer basis the amount of the Surcharges approved in Company or PCBC's tariff. Notwithstanding the foregoing, in the event that a Project Customer fails to pay at least the amount of the Surcharge from each bill rendered to that Customer, then monies retained by Company from other Project Customers (exclusive of the Surcharge) shall not be used to pay to the County Commission the difference between the amount of the Surcharge and the actual amount paid by that Project Customer. Company shall be responsible for the collection of delinquent bills on behalf of PCBC. The bills delivered to the Leased Facilities Customers will be delivered by, and be payable to, Company, as agent for PCBC.

C. Company, in consideration of the respective rights, duties, obligations, agreements and undertakings of the parties under this Agreement, shall be entitled to receive from PCBC an amount for water service rendered to Leased Facilities Customers equal to the consumption of each individual Leased Facilities Customer at Company rates from time to time established pursuant to Chapter 24 of the West Virginia Code, as amended. Company shall prepare and deliver monthly statements or schedules to PCBC which shall reflect the total amount collected by Company, as agent for PCBC, and the total amount retained by

Company for the water service provided to Leased Facilities Customers at the respective rates of PCBC and Company, plus the Surcharges as provided in this Section V and Section VI below. A Leased Facilities Customer shall be charged a municipal B & O surcharge on his usage only if that Leased Facilities Customer resides within a municipality which imposes such a surcharge. In addition, the monthly statement to be provided to PCBC and to the County Commission by Company will also include the costs of any additions or extensions, and related refunds, made at the cost of the PCBC under Section III, and the cost of any fire hydrants under Section X installed at the cost of PCBC.

D. County Commission and PCBC agree to have its accountants review, at least annually, at their expense, the system of accounts maintained by Company for PCBC and report the results of that review to PCBC, Company and the County Commission.

VI. Collection of the Surcharge.

Subject to the terms and conditions of this Agreement, County Commission, Company and PCBC agree that Company shall be responsible for collecting the Surcharges imposed on the Project Customers as follows:

A. Company Responsibilities.

(1) Within a reasonable number of days after (i) execution of this Agreement, (ii) receipt by PCBC or the County Commission of the grants, loans or other funding sufficient to cover the cost of the County Leased Facilities, and (iii) receipt of the requisite regulatory approvals, PCBC shall proceed to construct, or contract for the construction of the County Leased Facilities portion of the Project. Except as expressly set forth in this Agreement, the

Company shall treat Project Customers as required by the Water Rules and the tariffs filed with the Public Service Commission by PCBC.

(2) Beginning with the first bills rendered to all Project Customers after the completion of the construction contemplated under this Agreement and the commencement of water service to the Project Customers, Company shall add the Surcharge of $12.00 per month for ten (10) years to all bills rendered to Project Customers. Within thirty (30) days after the end of each monthly billing cycle, Company shall remit to the County Commission all Surcharges collected, along with a list of those Project Customers, if any, who have failed to pay the Surcharges; provided, however, that upon written notification from PCBC to the effect that County Commission has not paid the rent required of it with respect to the County Leased Facilities, then Company shall remit the Surcharges to PCBC until such time as it is notified by PCBC that County Commission is current with respect to such rent.

(3) Company assumes no responsibility for the payment, prompt or otherwise, by the Project Customers of the Surcharges, but shall act solely as collecting agent for the County Commission. In the event of a partial payment of a Company bill by a Project Customer subject to a Surcharge, the amount of such payment shall be applied first to the Surcharge and the balance, if any, shall be applied to the amount due for water service from Company or PCBC.

(4) Surcharges shall be subject to all provisions of the Water Rules and Company and PCBC's tariffs applicable to payments for water service, including terminations for nonpayment thereof. Company shall employ all reasonable means at its disposal consistent

with its general business practices to induce the prompt payment of Surcharges for Project Customers.

B. PCBC Responsibilities.

(1) PCBC shall indemnify and hold Company harmless from and against any and all costs, liabilities or expenses, including reasonable attorney's fees, arising from, in connection with, or related to suits, actions or proceedings related to this Agreement or the erroneous collection or failure to bill Surcharges as a result of a good faith mistake on the part of Company.

(2) All obligations of PCBC hereunder may be satisfied only from its interest in the County Leased Facilities.

C. Adjustment and Termination of Surcharge.

(1) Until such time as Surcharges have been collected by Company and remitted to the County Commission for the time required by this Agreement, all Project Customers and all other applicants for service directly connecting to the Project or any extensions or additions to the Project as provided in Section III of this Agreement shall be assessed the monthly Surcharges as provided under this Agreement.

(2) Surcharges to Project Customers shall terminate when Company has collected and remitted to the County Commission total Surcharges for each new Project Customer for 120 months.

VII. Installation of Domestic Services.

After the proposed construction of the County Leased Facilities has been completed, Company shall install domestic service lines, including the tap on the County Leased Facilities and the service line from the County Leased Facilities to the established curb line or within the public right of way nearest the main in accordance with the Rules and Regulations of the Public Service Commission. This installation shall include the meter setting. All such service lines from the County Leased Facilities to the Customer's property line, meter settings and taps shall be constructed and installed by Company and shall be the property of Company. Company shall install all meters at its cost, shall own the meters, and shall assume the obligation to repair, maintain and replace the meters.

VIII. Termination of the Agreement.

A. At the time of termination of this Agreement, Company will be entitled to receive payment for the termination fee, all water delivered to County Leased Facilities customers through the termination date of this Agreement in accordance with the provisions of Section V of this Agreement, and all water meters installed on County Leased Facilities at the time of such termination will be removed by Company. PCBC agrees that it will either replace those meters, install nipples in place of those meters or buy the meters from Company at the depreciated original cost of those meters as provided in Subsection D of this Section VIII.

B. Upon termination of the Agreement, PCBC also agrees that it will purchase from Company, at the depreciated original cost of those items, all of the units of

property installed, replaced or relocated by Company on the County Leased Facilities under Section IV of this Agreement and all service lines from the County Leased Facilities to the Customers' property line, meter settings and taps installed at the cost of Company and reflected on the books of Company at the time of the termination of the Agreement.

C. Upon termination of the Agreement, Company shall, within thirty (30) days of such termination, provide to PCBC (i) the total cost of all such items described in Subparagraphs A and B of this Section VIII installed at the cost of Company and (ii) the total depreciation accrued on all of such items. PCBC agrees that it will pay to 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.

IX. Installation of Private Fire Protection Services.

Fire services, approved by PCBC, may be installed by Company from the County Leased Facilities, but only in accordance with the Rules and Regulations of the Public Service Commission. Fire service will be installed by Company at the expense of the applicant and will be billed by Company to the applicant and paid by the applicant directly to Company at a rate equal to the then approved Company's private protection rate.

X. Installation of Fire Hydrants.

Public fire protection facilities approved by PCBC may be installed on the County Leased 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 Public Service Commission, provided that all such fire hydrants shall have a flow capability of at least 500 GPM at 20 psi residential pressure for a sustained period of time.

XI. Water Service Franchise Territories.

It is expressly understood and agreed by Company and PCBC that:

A. Company shall be permitted to own Company Facilities purchased by Company and to serve Company Customers served directly from those Company Facilities within the water service franchise area of PCBC 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 residing outside of PCBC's water service franchise area, as defined above, and served, either at present or in the future, by Company shall be considered Customers of Company.

C. PCBC agrees that, as a part of the consideration for this Agreement, Company shall have the right, even after termination of this Agreement, to transfer water through the County Leased Facilities, and all future additions and future extensions thereto, and to serve customers who may be connected, directly or indirectly, to Company water mains, whether inside or outside PCBC's service area.

XII. Conditions Precedent to Effectiveness of Agreement.

Company and PCBC 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. Rates and Surcharges The Public Service Commission shall have approved the rates and billing arrangements requested by PCBC in the Application, or any supplements thereto, filed with the Public Service Commission seeking approval of this Agreement.

B. The Public Service Commission shall have approved this Agreement and all of the terms, conditions, undertakings, agreements and limitations of that Agreement. Specifically, and without in anyway limiting the generality of this condition, the Order approving this Agreement and the transactions contemplated thereby shall:

(1) Authorize the inclusion in depreciable utility plant of Company any amounts expended by Company for the cost of installing, replacing or relocating any water lines or facilities on the County Leased Facilities which are defined as a "unit of property," in the NARUC Uniform System of Accounts and which are relocated or replaced by Company at its cost pursuant to Section IV under this Agreement and the cost to Company to install service lines, meter settings and taps on the County Leased Facilities pursuant to Section VII;

(2) Authorize Company to include in depreciable utility plant an amount equal to the tax expense associated with the obligations assumed by Company under the Agreement to the extent that the undertaking by Company to operate, maintain, repair or replace the County Leased Facilities under this Agreement, causes such County Leased Facilities, or any part thereof, to constitute taxable income or to otherwise generate tax expense for Company;

(3) Authorize the recognition in rate base of Company Facilities or other Company Property held by the County Commission and leased to Company under the Capital Lease, all as described in the Application; and

(4) Authorize the implementation of the Surcharges and the other rates requested in the Application.

C. The Public Service Commission shall not have attached to its Order any terms, conditions or limitations which shall adversely affect this Agreement or the economic feasibility of this project between the parties insofar as taking any action or refraining from taking any action which, in the opinion of their respective counsel, might require them, or

either of them, to breach any of their obligations under any Mortgage Indenture, as supplemented, or any other agreement to which either of them might be a party.

XIII. Representations and Warranties.

A. PCBC represents and warrants to Company as follows:

(1) The execution, delivery and performance of this Agreement by PCBC has been duly authorized, and this Agreement constitutes a valid and binding obligation of PCBC enforceable in accordance with its terms; and

(2) The execution and performance of this Agreement in accordance with its terms by PCBC will not violate any provisions of law or violate the terms or conditions of any grants or loans made to PCBC for construction of the County Leased Facilities.

B. Company represents and warrants to PCBC as follows:

(1) The execution, delivery and performance of this Agreement by Company has been duly authorized, and this Agreement constitutes a valid and binding obligation of Company enforceable in accordance with its terms; and

(2) The execution and performance of this Agreement in accordance with its terms by Company will not violate any provisions of Company's indentures.

XIV. Assignability.

This Agreement shall be binding upon the successors and assigns of the respective parties hereto.

XV. 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, 1600 Pennsylvania Avenue, P. O. Box 1906, Charleston, WV 25327; to PCBC addressed to the Putnam County Building Commission, 3389 Winfield Road, Winfield, West Virginia 25213; and to County Commission, Court House, Winfield, West Virginia 25213, or to such address as the parties shall indicate by written notice to the other parties.

XVI. Captions.

The captions preceding the text of the sections 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.

XVII. Revocation of Prior O&M Agreements. This Agreement replaces in all respects the prior Agreements dated March 4, 1998, and September 9, 1998 (the "Prior Agreements"), between Company and County Commission relating to water projects in Putnam County, and Company and County Commission agree that the Prior Agreements are void and of no force and effect. County Commission has been added as a signatory to this Agreement for purposes of revoking the Prior Agreements.

XVIII. Governing Law. This Agreement shall be governed by West Virginia law.

XIX. Severability. If any provision of this Agreement is, for any reason, determined to be invalid, illegal or unenforceable in any respect, the Parties hereto shall

PUTNAM COUNTY BUILDING COMMISSION

Waterworks Lease Revenue Bonds, Series 2000 B
(West Virginia Water Development Authority)

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto The Bank of New York, New York, New York, the Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority), of the Putnam County Building Commission in the principal amount of $3,800,000, numbered BR-1, dated January 27, 2000, standing in the name of the West Virginia Water Development Authority on the books of said Issuer.

WITNESS my signature on this 27th day of January, 2000.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Authorized Representative

01/18/00
731000.97001

THE COUNTY COMMISSION OF PUTNAM COUNTY

ORDINANCE AUTHORIZING AND APPROVING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN PUBLIC WATERWORKS FACILITIES BY THE PUTNAM COUNTY BUILDING COMMISSION AND THE LEASING OF A PORTION OF SUCH FACILITIES BY THE PUTNAM COUNTY BUILDING COMMISSION TO THE COUNTY COMMISSION OF PUTNAM COUNTY; AUTHORIZING AND CONFIRMING APPROPRIATION OF LEASE PAYMENTS FOR THE CURRENT FISCAL YEAR; APPROVING, RATIFYING AND CONFIRMING AN AGREEMENT BY AND AMONG THE COUNTY COMMISSION OF PUTNAM COUNTY, THE PUTNAM COUNTY BUILDING COMMISSION AND WEST VIRGINIA-AMERICAN WATER COMPANY; APPROVING THE ISSUANCE OF CERTAIN BONDS BY THE PUTNAM COUNTY BUILDING COMMISSION; AND AUTHORIZING AND RATIFYING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ENTERING INTO OF SUCH LEASE AND AGREEMENT AND ISSUANCE OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNTY COMMISSION OF PUTNAM COUNTY:

WHEREAS, The County Commission of Putnam County, West Virginia (the "County Commission") and the Putnam County Building Commission (the "Issuer") have deemed it necessary and desirable for the health and welfare of the citizens of Putnam County that the Issuer acquire, construct and equip certain public waterworks facilities in Putnam County, West Virginia, to be owned by the Issuer (the "Waterworks Facilities");

WHEREAS, to finance the acquisition, construction and equipping of the Waterworks Facilities, the Issuer has determined, and the County Commission has deemed it desirable and does hereby approve, that the Issuer shall issue its Waterworks Revenue Bonds, Series 2000 A (West Virginia Water Development Authority) (the "Series 2000 A Bonds") and Waterworks Lease Revenue Bonds, Series 2000 B (West Virginia Water Development Authority) (the "Series 2000 B Bonds" and, collectively with the Series 2000 A Bonds, herein called the "Bonds"), in an aggregate principal amount not to exceed $15,000,000;

WHEREAS, the County Commission has determined that leasing a portion of the Waterworks Facilities (such portion to be hereinafter referred to as the "Series 2000 B Facilities", with the remaining portion not leased to the County Commission to be referred to as the "Series 2000 A Facilities") from the Issuer pursuant to an Agreement and Lease of Series 2000 B Facilities (the "Lease") is in the best interests of the citizens of Putnam County;

WHEREAS, the Issuer has determined that entering into a certain agreement with West Virginia American Water Company (the "Company") which provides for assistance in the acquisition, construction, equipping, operation, maintenance, repair and replacement of the Series 2000 A Facilities (the "2000 A O & M Agreement") is in the best interests of the citizens of the Putnam County;

WHEREAS, the County Commission and the Issuer have determined that entering into a certain agreement with the Company which provides for assistance in the acquisition, construction, equipping, operation, maintenance, repair and replacement of the Series 2000 B Facilities (the "2000 B O & M Agreement") is in the best interests of the citizens of the Putnam County;

WHEREAS, the County Commission has determined it necessary and desirable, and in the best interests of the citizens of Putnam County, that the County Commission appropriate revenues in the current fiscal year (July 1, 1999 - June 30, 2000), sufficient to pay the rentals required under the Lease during the current fiscal year; and

WHEREAS, the County Commission now wishes to authorize, approve and ratify all actions taken by the County Commission, the Issuer and their employees, designees and agents related to the acquisition, construction and equipping of the Waterworks Facilities, the issuance of the Bonds, the entering into of the Lease, the execution and delivery of the 2000 A O & M Agreement and the 2000 B O & M Agreement, the execution of a deed of trust and security agreement by the Issuer on the Series 2000 A Facilities and on the Series 2000 B Facilities, the appropriation of the monies sufficient to pay the rentals under the Lease and the execution of all other instruments, certificates and other documents related thereto.

NOW, THEREFORE, BE IT HEREBY ORDERED by The County Commission of Putnam County, West Virginia, as follows:

1. The Issuer is hereby authorized to acquire, construct, equip, own and lease the Waterworks Facilities.

2. The Issuer is hereby authorized and requested to issue the Series 2000 A Bonds and the Series 2000 B Bonds in an aggregate principal amount of not more than $15,000,000, the proceeds of which shall be used to acquire, construct and equip the Waterworks Facilities.

3. The County Commission hereby authorizes, approves and consents to the leasing of the Series 2000 B Facilities from the Issuer pursuant to the terms of the Lease.

4. The County Commission hereby approves, ratifies and authorizes the execution and delivery of the 2000 A O & M Agreement and the Series 2000 B O & M Agreement.

5. The County Commission hereby confirms and approves the appropriation of sufficient funds in the current fiscal year for the payment of rentals under the Lease for the remainder of the current fiscal year.

6. The County Commission hereby authorizes, ratifies, approves and confirms all actions taken by the County Commission, the Issuer and their respective officers, employees, designees and agents related to the acquisition, construction and equipping of the Waterworks Facilities, the issuance of the Bonds, the authorization, execution and delivery of the Lease, the execution and delivery of the 2000 A O & M Agreement and the 2000 B O & M Agreement, the execution of a deed of trust and security agreement by the Issuer on the Series 2000 A Facilities and on the Series 2000 B Facilities, the appropriation of the monies sufficient to pay the rent under the Lease during the current fiscal year and the execution of all other documents related thereto.

7. Upon adoption hereof, an abstract of this Ordinance determined by the County Commission to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Charleston Gazette, a newspaper of general circulation in Putnam County, together with a notice stating that this Ordinance has been adopted and that any person interested may appear before the Issuer upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Clerk of the County Commission for review by interested persons during office hours of the Clerk of the County Commission. At such hearing, all objections and suggestions shall be heard and the County Commission shall take such action as it shall deem proper in the premises.

Passed on First Reading:	-	December 15, 1999
Passed on Second Reading:	-	December 22, 1999
Passed on Final Reading Following Public Hearing:	-	January 5, 2000

James H. Cauthers Jr.
President

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by THE COUNTY COMMISSION OF PUTNAM COUNTY on the January 5, 2000.

Dated: January 27, 2000.

[SEAL]

Clerk

01/05/99
731000.97001

CH355326.2

RESERVED

RECYCLED PAPER
RECYCLABLE

State of West Virginia

Certificate

I, Ken Hechler, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 8, ARTICLE 33 OF THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on

January 21, 2000

Ken Hechler

Secretary of State

governing body or county commission or any municipal or county official or employee.

(e) No municipality or county commission may appropriate funds to any corporation under this article unless and until such corporation has recorded a certified copy of its corporate charter in the county in which the principal office of such corporation is located, and has received from the prosecuting attorney a written statement that the charter of such corporation contains the necessary language to comply with the provisions of this article.

(f) No officer, agent or instrumentality of the state shall require that local government funds be appropriated or expended under this section as a prerequisite for, or as matching funds for, a federal or state grant or as a prerequisite to entitle such corporation to receive a grant of federal or state funds. (1976, c. 86; 1985, c. 128.)

ARTICLE 33.

INTERGOVERNMENTAL RELATIONS — BUILDING COMMISSIONS.

Part I. Commissions Authorized; Organization of Commissions.

Sec.
8-33-1. Municipal, county and municipal-county building commissions authorized; reference to county courts and county commissions.
8-33-2. Commissions are public corporations.
8-33-3. Authority vested in board; composition of board; appointment; qualifications and terms of members; vacancies; reimbursement of expenses.

Part II. Powers of Commissions.

8-33-4. Powers.

Part III. Indebtedness; Surpluses; Exemption From Taxation; Funds; Property.

Sec.
8-33-5. Indebtedness of commission.
8-33-6. Disposition of surplus of commission.
8-33-7. Property, bonds and obligations of commissions exempt from taxation.
8-33-8. Contributions to commissions; funds and accounts of commissions; reports; audits.
8-33-9. Authority to convey or transfer property to commission.
8-33-10. Sale of property by commission.

Part IV. Workers' Compensation; Construction.

8-33-11. Workers' compensation.
8-33-12. Liberal construction.

Revision of chapter. — See note under the same catchline at the beginning of this chapter.

PART I. COMMISSIONS AUTHORIZED; ORGANIZATION OF COMMISSIONS.

§ 8-33-1. Municipal, county and municipal-county building commissions authorized; reference to county courts and county commissions.

Any municipality or county, or one or more municipalities and any county, or any two or more municipalities within any county or counties, or any combination thereof, may create and establish a municipal building commission, a county building commission, or a municipal-county building commission, as the case may be (hereinafter in this article referred to as commission or commissions). Such commissions shall be formed by an ordinance or order, as appropriate, by each governmental body establishing the same. The governing body of a county is hereinafter in this article referred to either as a county court or county commission. (1968, c. 11; 1969, c. 86; 1975, c. 167.)

Quoted in State ex rel. Charleston Bldg. Comm'n v. Dial, 198 W. Va. 185, 479 S.E.2d 695 (1996).

§ 8-33-2. Commissions are public corporations.

Each commission, when created, shall be a public corporation and shall have perpetual existence. (1968, c. 11; 1969, c. 86.)

Applied in State ex rel. Kanawha County Bldg. Comm'n v. Paterno, 160 W. Va. 195, 233 S.E.2d 332 (1977).

§ 8-33-3. Authority vested in board; composition of board; appointment; qualifications and terms of members; vacancies; reimbursement of expenses.

All property, powers and duties and the management and control of each commission shall be vested in a board consisting of representatives appointed by the governmental body or bodies creating and establishing such commission. In the case of a municipal building commission or a county building commission such board shall consist of not less than three nor more than five members and in the case of a municipal-county building commission each participating municipality shall appoint two members and each participating county shall appoint three members. All members of any board shall be appointed for terms of five years. Prior to making the initial appointments to the board, the governmental body or bodies shall make such initial appointments so that approximately one fifth of the total number of members of the board shall be appointed for a term of one year, approximately one fifth of the total number of members of the board shall be appointed for a term of two years, approximately one fifth of the total number of members of the board shall be appointed for a term of three years, approximately one fifth of the total number of members of the board shall be appointed for a term of four years,

and approximately one fifth of the total number of members of the board shall be appointed for a term of five years. As the term of each such initial appointee expires the successor to fill the vacancy created by such expired term shall be appointed for a term of five years.

The ordinance or order creating a building commission may provide for the manner of appointments to the membership of such commission by the governmental body creating such commission, which, in the case of a county, shall be the county commission or other tribunal in lieu thereof and, in the case of a municipality, shall be the governing body thereof.

If any member of any board die, resign or for any reason cease to be a member of the board, the governmental body which such member represented shall appoint another individual to fill the unexpired portion of the term of such member. No more than two thirds of the total number of members of the board of each commission shall be from the same political party and no member of any such board shall hold any office (other than the office of notary public) or employment under the United States of America, the State of West Virginia, any county or political subdivision thereof, or any political party. All members of any board shall be residents of the municipality or county for which appointed. No member of any board shall receive any compensation for his services as such, but each member shall be reimbursed by the commission for any reasonable and necessary expenses actually incurred in the discharge of his duties as a member of the board. (1968, c. 11; 1969, c. 86; 1976, c. 87.)

"Governmental body." — The term "governmental body" contained in this section is synonymous with "governing body" as that term is defined and was intended to be used in § 8-3-2. Op. Att'y Gen., March 12, 1976.

PART II. POWERS OF COMMISSIONS.

§ 8-33-4. Powers.

Each commission shall have plenary power and authority to:

(a) Sue and be sued;

(b) Contract and be contracted with;

(c) Adopt, use and alter a common seal;

(d) Make and adopt all necessary, appropriate and lawful bylaws and rules and regulations pertaining to its affairs;

(e) Elect such officers, appoint such committees and agents and employ and fix the compensation of such employees and contractors as may be necessary for the conduct of the affairs and operations of the commission;

(f) (1) Acquire, purchase, own and hold any property, real or personal, and (2) acquire, construct, equip, maintain and operate public buildings, structures, projects and appurtenant facilities, of any type or types for which the governmental body or bodies creating such commission are permitted by law to expend public funds (all hereinafter in this article referred to as facilities);

(g) Apply for, receive and use grants-in-aid, donations and contributions from any source or sources, including, but not limited to, the United States of America, or any department or agency thereof, and accept and use bequests, devises, gifts and donations from any source whatsoever;

(h) Sell, encumber or dispose of any property, real or personal;

(i) Issue negotiable bonds, notes, debentures or other evidences of indebtedness and provide for the rights of the holders thereof, incur any proper indebtedness and issue any obligations and give any security therefor which it may deem necessary or advisable in connection with exercising powers as provided herein;

(j) Raise funds by the issuance and sale of revenue bonds in the manner provided by the applicable provisions of sections seven, ten, twelve and sixteen [§§ 8-16-7, 8-16-10, 8-16-12 and 8-16-16], article sixteen of this chapter, without regard to the extent provided in section five [§ 8-33-5] of this article, to the limitations specified in said section twelve [§ 8-16-12], article sixteen, it being hereby expressly provided that for the purpose of the issuance and sale of revenue bonds, each commission is a "governing body" as that term is used in said article sixteen [§ 8-16-1 et seq.] only;

(k) Subject to such reasonable limitations and conditions as the governmental body or all of the governmental bodies creating and establishing such building commission may prescribe by ordinance or by order, exercise the power of eminent domain in the manner provided in chapter fifty-four [§ 54-1-1 et seq.] of this code for business corporations, for the purposes set forth in subdivision (f) of this section, which purposes are hereby declared public purposes for which private property may be taken or damaged;

(l) Lease its property or any part thereof, for public purposes, to such persons and upon such terms as the commission deems proper, but when any municipality or county commission is a lessee under any such lease, such lease must contain a provision granting to such municipality or county commission the option to terminate such lease during any fiscal year covered thereby; and

(m) Do all things reasonable and necessary to carry out the foregoing powers. (1968, c. 11; 1969, c. 86; 1975, c. 167; 1976, c. 87; 1984, c. 131.)

Chairman pro tem. — An individual who has been appointed chairman pro tem of a municipal building commission possesses the same duties and responsibilities as the regularly and duly elected chairman of that commission would possess. State ex rel. Charleston Bldg. Comm'n v. Dial, 198 W. Va. 185, 479 S.E.2d 695 (1996).

Charleston Building Commission. — The city of Charleston, in its distinctive role as the capital of the state of West Virginia, may provide property to the state to be used as a state capitol or for other public buildings; this special authority of the city of Charleston extends to the Charleston Building Commission and enables it, also, to provide property for state purposes. State ex rel. Charleston Bldg. Comm'n v. Dial, 198 W. Va. 185, 479 S.E.2d 695 (1996).

Encumbering property. — Subsection (h) authorized building commission to encumber property via trust indenture. County Comm'n v. Hill, 194 W. Va. 481, 460 S.E.2d 727 (1995).

Refunding bonds. — Refunding bonds were issued pursuant to and in compliance with statutory authority. County Comm'n v. Hill, 194 W. Va. 481, 460 S.E.2d 727 (1995).

Applied in State ex rel. Kanawha County Bldg. Comm'n v. Paterno, 160 W. Va. 195, 233 S.E.2d 332 (1977).

Cited in State ex rel. Clarksburg Mun. Bldg. Comm'n v. Spelsberg, 191 W. Va. 553, 447 S.E.2d 16 (1994).

PART III. INDEBTEDNESS; SURPLUSES; EXEMPTION FROM TAXATION; FUNDS; PROPERTY.

§ 8-33-5. Indebtedness of commission.

No constitutional or statutory limitation with respect to the nature or amount of or rate of interest on indebtedness which may be incurred by municipalities, counties or other public or governmental bodies shall apply to the indebtedness of a commission. No indebtedness of any nature of a commission shall constitute an indebtedness of any municipality or county creating and establishing such commission or a charge against any property of said municipalities or counties. No indebtedness or obligation incurred by any commission shall give any right against any member of the governing body of any municipality or any member of the county commission of any county or any member of the board of any commission. The rights of creditors of any commission shall be solely against the commission as a corporate body and shall be satisfied only out of property held by it in its corporate capacity. (1968, c. 11; 1969, c. 86; 1975, c. 167.)

Debt created by statute. — Whether a debt is created by a statute is a judicial question, is not a question for legislative determination. A legislative declaration that a state, county or municipal debt is not created by a statute is not conclusive or binding on a court. State ex rel. Kanawha County Bldg. Comm'n v. Paterno, 160 W. Va. 196, 233 S.E.2d 332 (1977).

§ 8-33-6. Disposition of surplus of commission.

If a commission should realize a surplus over and above the amount required for the improvement, maintenance and operation of its facilities and for meeting all required payments on its obligations, it shall set aside such reserve for future improvements, maintenance, operations and contingencies as it shall deem proper and shall then apply the residue of such surplus, if any, to the payment of any recognized and established obligations not then due, and after all such recognized and established obligations have been paid and discharged in full, the commission shall, at the end of each fiscal year, set aside the reserve for future improvements, maintenance, operations and contingencies, as aforesaid, and then pay the residue of such surplus, if any, to the governmental bodies creating and establishing such commission in direct proportion to their financial contribution. (1968, c. 11; 1969, c. 86.)

§ 8-33-7. Property, bonds and obligations of commissions exempt from taxation.

Each commission shall be exempt from the payment of any taxes or fees to the State or any subdivisions thereof or any municipalities or to any officer or employee of the State or of any subdivision thereof or of any municipality. The property of each commission shall be exempt from all municipal and county taxes. Bonds, notes, debentures and other evidences of indebtedness of each commission are declared to be issued for a public purpose and to be public instrumentalities, and, together with interest thereon, shall be exempt from taxation. (1968, c. 11; 1969, c. 86.)

§ 8-33-8. Contributions to commissions; funds and accounts of commissions; reports; audits.

Contributions may be made to each commission from time to time by the governmental body or bodies creating and establishing it, and persons that shall desire to do so. All funds received by each commission shall be deposited in such banking institution or banking institutions as the board may direct and shall be withdrawn therefrom in such manner as the board may direct. Each commission shall keep strict account of all of its receipts and expenditures and shall each quarter make a quarterly report thereon to the municipalities, counties and persons which have made contributions to it, and such report shall contain an itemized account of its receipts and disbursements during the preceding quarter. Such report shall be made within sixty days after the termination of the quarter. Within sixty days after the end of each fiscal year, each commission shall make an annual report containing an itemized statement of its receipts and disbursements for the preceding fiscal year and publish the same as a Class II-0 legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be each county in which the commission's facilities are located. The books, records and accounts of each commission shall be subject to audit and examination by the state tax commissioner and by other proper public official or body in the manner provided by law. (1968, c. 11; 1969, c. 86.)

§ 8-33-9. Authority to convey or transfer property to commission.

Any municipality or county is hereby empowered and authorized to convey or transfer to a commission which it has created and established either alone or with another governmental body, property of any kind, heretofore acquired by said municipality or county, to carry out the purposes of said commission. When property is conveyed or transferred as aforesaid, the conveying or transferring municipality or county court [county commission] and the board shall agree in writing at the time the conveyance or transfer is made as to the fair market value of such property. The members of the board appointed by any municipality or county court [county commission] conveying or transferring property shall not participate in connection with, otherwise than to provide a quorum, or vote on, any motion or resolution by which the board agrees to the fair market value of the property so conveyed or transferred. (1968, c. 11; 1969, c. 86.)

Editor's notes. — The bracketed words were inserted by the editor. See W. Va. Const., art. IX, § 9.

Consideration. — A county commission may, by virtue of this section and § 1-5-3, transfer and convey property, either real or personal, to a duly created building commission without the necessity of consideration. Op. Att'y Gen., June 4, 1975.

"Fairmarket value." — The agreement mentioned in this section regarding the fairmarket value of property conveyed and transferred to a commission is designed to provide for strict accounting of monetary contributions to the commission in case of dissolution. Op. Att'y Gen., June 4, 1975.

§ 8-33-10. Sale of property by commission.

In the event a majority of the governmental bodies contributing funds or property to a commission shall so direct in writing and if all indebtedness of said commission has been paid in full, the commission shall sell all or any part of its properties and assets so directed and distribute the proceeds thereof among the governmental bodies creating and establishing it in direct proportion to their contributions of funds or property to the commission. (1968, c. 11; 1969, c. 86.)

PART IV. WORKERS' COMPENSATION; CONSTRUCTION.

§ 8-33-11. Workers' compensation.

Each commission shall subscribe to the workers' compensation fund of this state and pay all necessary premiums thereto, to the end that all eligible employees of such commission shall be covered by workers' compensation. (1968, c. 11; 1969, c. 86; 1991, c. 16.)

Cross references. — Workers' Compensation Act, c. 23.

§ 8-33-12. Liberal construction.

The provisions of this article are hereby declared to be remedial and shall be liberally construed to effectuate the purposes hereof. The provisions of this article are in addition to and not in derogation of any power granted to or vested in municipalities and county courts [county commissions] under any constitutional, statutory or charter provisions which may now or hereafter be in effect. (1968, c. 11; 1969, c. 86.)

Editor's notes. — The bracketed words were inserted by the editor. See W. Va. Const., art. IX, § 9.

Cited in State ex rel. Charleston Bldg. Comm'n v. Dial, 198 W. Va. 185, 479 S.E.2d 695 (1996).

ARTICLE 34.

JUDICIAL REVIEW.

Sec.
8-34-1. General right of appeal.

Revision of chapter. — See note under the same catchline at the beginning of this chapter.

§ 8-34-1. General right of appeal.

Every person sentenced under this chapter by any mayor or police court judge or municipal court judge to imprisonment or to the payment of a fine of ten dollars or more (and in no case shall a fine of less than ten dollars be given if the defendant, his agent or attorney object thereto) shall be allowed an appeal de novo to the circuit or other court of the county exercising jurisdiction over appeals in criminal cases from justices of the peace courts [magistrates] in the county, upon entering into an appeal bond with surety deemed sufficient in a penalty double the amount of fine and costs, with condition that the person appealing will perform and satisfy any judgment which may be rendered against him by the circuit or such other court on such appeal. Any such appeal must be perfected within ten days from and after the date upon which the sentence is imposed. When the municipality is located in more than one county, the appeal shall be taken to the circuit court or other court as aforesaid of the county in which the major portion of the territory of the municipality is located. If such appeal be taken, the appeal bond and other papers in the case shall be forthwith delivered by the mayor, recorder or police court judge or municipal court judge to the clerk of the court to which such appeal is taken, and such court shall proceed to try the case as upon indictment or presentment, and render such judgment, without remanding the case, as the law and the evidence may require. If the judgment be against the accused, it shall include the costs incurred in the proceedings before the mayor or police court judge or municipal court judge, as well as in the said court. (1905, c. 53, § 49a; Code 1923, c. 47, § 49a; 1969, c. 86.)

Editor's notes. — The bracketed words were inserted by the editor. See W. Va. Const., art. VIII, § 15.

In general. — In a proceeding before the mayor of a city, town or village subject to the provisions of this section for the recovery of a fine or penalty imposed for the violation of any of its ordinances, where the offender has been sentenced to imprisonment or to the payment of a fine of ten dollars or more, he is entitled as a matter of right to an appeal to the circuit court upon entering into a recognizance with sufficient surety before the justice (now magistrate) to appear before the court on the first day of the next term thereof to answer for the offense with which he stands charged, and not to depart thence without leave of the court. Beasley v. City of Beckley, 28 W. Va. 81 (1886).

Appeal bond. — The requirement of this section that an "appeal bond with surety deemed sufficient" be entered into before a defendant sentenced in a municipal court may be allowed an appeal de novo to the circuit court shall be interpreted to allow a recognizance where appropriate or where the defendant is an indigent. Robertson v. Goldman, 179 W. Va. 453, 369 S.E.2d 888 (1988).

Fine on appeal. — A fine imposed in a circuit court upon appeal from a conviction before the mayor of a city should be distributed the same as in any other misdemeanor case tried upon indictment or presentment in a circuit or criminal court. 47 Op. Att'y Gen. 203 (1957).

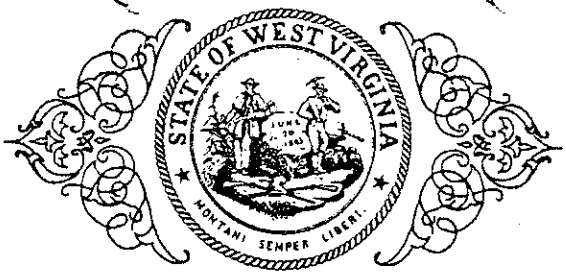
Jury trial. — The availability, under this section, of a trial de novo by a jury pursuant to an appeal from a sentence imposed by a municipal court satisfies the state and federal constitutional provisions relating to the right to a trial by jury; municipal courts are, therefore, not required to provide a trial by jury. Op. Att'y Gen., June 5, 1980, No. 59. But see Champ v. McGhee, 165 W. Va. 567, 270 S.E.2d 445 (1980).

Sentence on appeal. — A defendant who is convicted of an offense in a trial before a magistrate or in municipal court and exercises his statutory right to obtain a trial de novo in the circuit court is denied due process when, upon conviction at his second trial, the sentencing judge imposes a heavier penalty than the original sentence. State v. Bonham, 173 W. Va. 416, 317 S.E.2d 501 (1984).

Quoted in State ex rel. Kees v. Sanders, 192 W. Va. 602, 453 S.E.2d 436 (1994).

Cited in Champ v. McGhee, 165 W. Va. 567, 270 S.E.2d 445 (1980).

State of West Virginia



Certificate

I, Ken Hechler, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 8, ARTICLE 16 OF THE WEST VIRGINIA CODE, AND CHAPTER 8, ARTICLE 16 OF THE 1999 CUMULATIVE SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on

January 21, 2000

Ken Hechler

Secretary of State

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where appropriate, to seek, in lieu of an appeal, a writ of mandamus. The member, if reinstated or exonerated by the circuit court or by the supreme court of appeals, shall, if represented by legal counsel, be awarded reasonable attorney fees as approved by the court and the fees shall be paid by the governing body.

(c) The removing officer and the member shall at all times, both before the commission and upon appeal, be given the right to employ counsel to represent them.

(d) If for reasons of economy or other reasons it is deemed necessary by any such municipality to reduce the number of paid members of its paid fire department, the municipality shall follow the procedure set forth in this subsection. The reduction in members of the paid fire department of the municipality shall be effected by suspending the last person or persons, including probationers, who have been appointed to the paid fire department. The removal shall be accomplished by suspending the number desired in the inverse order of their appointment: Provided, That in the event the said paid fire department is increased in numbers to the strength existing prior to the reduction of members, the members suspended under the terms of this subsection shall be reinstated in the inverse order of their suspension before any new appointments to said paid fire department are made. (1933, c. 60; 1949, c. 88; 1967, c. 126; 1969, c. 86; 1974, c. 79; 1980, c. 99; 1996, c. 97.)

Cross references. — Standards for professional firefighters training, registered apprenticeship and certification, c. 30, art. 29A.

Effect of amendment of 1996. — The amendment rewrote this section.

ALR references. — Pre-employment conduct as ground for discharge of civil service employee having permanent status, 4 ALR3d 488.

Commission vote. — One who is neither a de jure nor de facto member of a civil service commission is not entitled to vote as a member of the commission at a hearing to consider the action of the council in removing the chief of the fire department. Stowers v. Blackburn, 141 W. Va. 328, 90 S.E.2d 277 (1955).

Failure to show just cause. — The failure of a city civil service commission by a valid majority vote to justify the city council in removing the fire chief reinstates him in that office with full pay for the entire period during which he may have been prevented from performing his usual employment. Stowers v. Blackburn, 141 W. Va. 328, 90 S.E.2d 277 (1955).

Quoted in Hutchinson v. Hughart, 169 W. Va. 116, 285 S.E.2d 897 (1982).

Cited in Liller v. West Virginia Human Rights Comm'n, 180 W. Va. 433, 376 S.E.2d 639 (1988); City of Huntington v. Black, 187 W. Va. 675, 421 S.E.2d 58 (1992).

§ 8-15-26. Offenses and penalties.

Any individual who makes an appointment or promotion to any position, or selects an individual for employment, contrary to the civil service provisions of this article, or wilfully refuses or neglects otherwise to comply with, or to conform to, any of the civil service provisions of this article, or violates any of such provisions, shall be deemed guilty of a misdemeanor.

Any commissioner or examiner, or any other individual, who shall wilfully, by himself or in cooperation with one or more persons, defeat, deceive or obstruct any individual with respect to his right of examination or registration according to the civil service provisions of this article, or to any rules and regulations prescribed pursuant thereto, or who shall wilfully or corruptly, falsely mark, grade, estimate, or report upon any such examination or proper

standing of any individual so examined, registered or certified, pursuant to the civil service provisions of this article, or aid in so doing, or who shall wilfully or corruptly furnish to any individual any special or secret information, for the purpose of either improving or injuring the prospects or chances of appointment or promotion to any position of any individual so examined, registered or certified, or to be so examined, registered or certified, or who shall impersonate any other individual, or permit or aid in any manner any other individual to impersonate him, in connection with any such examination or registration, or application or request to be examined or registered, shall, for each offense, be deemed guilty of a misdemeanor.

Any person convicted of any such misdemeanor offense shall be punished by a fine of not less than fifty dollars, nor more than one thousand dollars, or by imprisonment for a term not exceeding one year, or by both such fine and imprisonment, in the discretion of the court. (1933, c. 60; 1949, c. 88; 1969, c. 86.)

§ 8-15-27. Repeal of conflicting acts and provisions; civil service provisions of article exclusive; status or tenure not affected.

All acts, whether general, special, local or special legislative charters, or parts thereof, in relation to any civil service measure affecting any paid fire department inconsistent with the civil service provisions of this article shall be, and the same are, hereby repealed insofar as such inconsistencies shall exist. It is intended by the civil service provisions of this article to furnish a complete and exclusive system for the appointment, promotion, reinstatement, removal, discharge, suspension and reduction of all members of all paid fire departments in all municipalities. The status or tenure of all members of any paid fire department, which members were employed on the effective date of this article [July 1, 1969], shall not be affected by the enactment of this article, but all such members shall be subject to all of the civil service provisions of this article with like effect as if they had been appointed members hereunder. (1933, c. 60; 1949, c. 88; 1969, c. 86.)

ARTICLE 16.

MUNICIPAL PUBLIC WORKS; REVENUE BOND FINANCING.

Part I. Definitions; Authorization of Municipal Public Works.

Sec.
8-16-1. Definitions.
8-16-2. Municipalities authorized to construct, etc., public works and to acquire property; payment of costs.
8-16-3. Special provisions as to certain municipal public works.

Part II. Control of Governing Body or Board.

Sec.
8-16-4. Construction, etc., to be under control of governing body or appointed board, etc.
8-16-4a. Additional special provisions as to motor vehicle parking facilities.
8-16-4b. Additional special provision as to the use of space in motor vehicle parking facilities.

Part III. General Powers and Authority.

Sec.
8-16-5. Powers of board.
8-16-6. Preliminary expenses.
8-16-7. Ordinance for construction, etc., of works.

Part IV. Right of Eminent Domain.

8-16-8. Right of eminent domain.

Part V. Revenue Bond Financing.

8-16-9. Bonds for improvements, etc., of works.
8-16-10. Items of expense included in cost of works.
8-16-11. No municipality is to incur any obligation not payable from proceeds of bonds; exemption from taxation.
8-16-12. Interest rate and life of bonds; redemption; how payable; form, denominations, etc.; additional bonds authorized; interim certificates.
8-16-13. Obligations not to bind municipal official or officer or member of board personally.
8-16-14. Additional bonds for improvements, etc., of works.
8-16-15. How proceeds of bonds applied.
8-16-16. Bonds secured by trust indenture between municipality or municipalities and corporate trustee.
8-16-17. Sinking fund; sinking fund commission; transfer of funds; purchase of outstanding bonds.

Part VI. Imposition of Rates or Charges.

8-16-18. Rates or charges for services rendered by works.
8-16-18a. Pledge of the hotel occupancy tax; contribution of revenues to building commission.
8-16-19. Appeal to public service commission from rates fixed.

Part VII. Accounting System and Records.

8-16-20. Accounting system; yearly audit; custodian of funds.

Part VIII. Rates or Charges for Municipalities.

8-16-21. Municipality or municipalities to pay established rates or charges for services rendered to it or them.

Part IX. Liens and Protection of Bondholders.

8-16-22. Statutory mortgage lien upon works created.
8-16-23. Acquisition of property on which lien exists.
8-16-24. Protection and enforcement of rights of bondholders, etc.; receivership; effect of receivership on lease agreement.

Part X. Construction; Extraterritorial Jurisdiction.

8-16-25. Article confers additional power and authority; extraterritorial jurisdiction.
8-16-26. Construction of power and authority conferred.
8-16-27. Article liberally construed.
8-16-28. Reference to "municipal authorities" or "municipal authority" elsewhere in law to mean "governing body" for the purposes of this article only.

Revision of chapter. — See note under the same catchline at the beginning of this chapter.

Michie's Jurisprudence. — As to power of municipalities to issue bonds generally, see 13B M.J., Municipal Corporations.

ALR references. — What entities or projects are "public" for purposes of state statutes requiring payment of prevailing wages on public works projects, 5 ALR5th 470.

Construction. — For cases construing article 4A of former chapter 8, dealing with municipal public works and bond issues, see State ex rel. Bibb v. Chambers, 138 W. Va. 701, 77 S.E.2d 297 (1953); State ex rel. Holbert v. Robinson, 134 W. Va. 524, 59 S.E.2d 884 (1950); State ex rel. Klostermeyer v. City of Charleston, 130 W. Va. 490, 45 S.E.2d 7 (1947); City of Huntington v. Heffley, 127 W. Va. 254, 32 S.E.2d 456 (1944); Smith v. City of Parkersburg, 125 W. Va. 415, 24 S.E.2d 588 (1943); City of Moundsville v. Brown, 125 W. Va. 779, 25 S.E.2d 900 (1943), modified, 127 W. Va. 602, 34 S.E.2d 321 (1945); Duling Bros. Co. v. City of Huntington, 120 W. Va. 85, 196 S.E. 552 (1938).

Easements. — A municipality has no authority to grant a perpetual easement or right-of-way over and across a municipal parking lot to a private banking firm to be used by the bank for ingress and egress to a proposed drive-in facility of the bank. 52 Op. Att'y Gen. 429 (1967).

Exercise of legislative powers. — Court did not enjoin municipal legislative body from exercising legislative powers in enacting a municipal ordinance involving administration of a floodwall system, concerning the public safety and health, where there was nothing in the petition for the injunction to indicate that enactment or enforcement of the ordinance would cause irreparable injury to the injunction petitioners or that there was no adequate remedy at law. Perdue v. Ferguson, 177 W. Va. 44, 350 S.E.2d 555 (1986).

Cited in State ex rel. Bibb v. Chambers, 138 W. Va. 701, 77 S.E.2d 297 (1953); State ex rel. Holbert v. Robinson, 134 W. Va. 524, 59 S.E.2d 884 (1950); State ex rel. Klostermeyer v. City of Charleston, 130 W. Va. 490, 45 S.E.2d 7 (1947); City of Huntington v. Heffley, 127 W. Va. 254, 32 S.E.2d 456 (1944); Smith v. City of Parkersburg, 125 W. Va. 415, 24 S.E.2d 588 (1943); City of Moundsville v. Brown, 125 W. Va. 779, 25 S.E.2d 900 (1943), modified, 127 W. Va. 602, 34 S.E.2d 321 (1945); Duling Bros. Co. v. City of Huntington, 120 W. Va. 85, 196 S.E. 552 (1938); State ex rel. Kanawha County Bldg. Comm'n v. Paterno, 160 W. Va. 195, 233 S.E.2d 332 (1977).

PART I. DEFINITIONS; AUTHORIZATION OF MUNICIPAL PUBLIC WORKS.

§ 8-16-1. Definitions.

As used in this article, the terms "municipal public works" or "works" or "projects" shall be construed to mean and include the construction, reconstruction, establishment, acquisition, improvement, renovation, extension, enlargement, increase, equipment, maintenance, repair (including replacements) and operation of jails, jail facilities, municipal buildings, police stations, fire stations, libraries, museums, other public buildings, incinerator plants, landfill or other garbage disposal systems, hospitals, piers, docks, terminals, airports, drainage systems, flood control systems, floodwalls, culverts, bridges (including approaches, causeways, viaducts, underpasses and connecting roadways), public markets, cemeteries, motor vehicle parking facilities (including parking lots, buildings, ramps, curb-line parking, meters and other facilities deemed necessary, appropriate, useful, convenient or incidental to the regulation, control and parking of motor vehicles), farms, dormitories, apartments and other housing facilities for the students and faculties of institutions of higher education; facilities providing housing for the elderly, including, but not limited to, life care facilities, congregate living facilities and adult residential facilities, stadiums, gymnasiums, sports arenas, auditoriums, public recreation centers, public recreation parks, swimming pools, roller skating rinks, ice skating rinks, tennis courts, golf courses, polo grounds, or the grading, regrading, paving, repaving, surfacing, resurfacing, curbing, recurbing, widening or otherwise improving of any street, avenue, road, alley or way, or the building or renewing of sidewalks, where such works or projects will be made self-supporting, and the cost thereof, together with the interest thereon, will be returned within a reasonable period, not exceeding forty years, by means of tolls, fees, rents, special assessments or charges other than taxation; and the terms shall mean and include any works or project as a whole, and all integral parts thereof, including all necessary, appropriate, useful, convenient or incidental appurtenances and equipment in connection with any one or more of the above. (1935, c. 68, § 1; 1945, c. 90; 1951, c. 136; 1955, c. 121; 1959, c. 116; 1961, c. 100; 1969, c. 86; 1981, c. 164.)

ALR references. — What entities or projects are "public" for purposes of state statutes requiring payment of prevailing wages on public works projects, 5 ALR5th 470.

W. Va. Law Review. — Dobbs and Joslin, Bankruptcy Preference Concerns in Industrial Development Bond Financing, 84 W. Va. L. Rev. 573 (1982).

Building. — For purposes of public financing, the definition of municipal public works extended to a building that was to be purchased and renovated by the Charleston Building Commission, but ultimately leased to the state of West Virginia. State ex rel. Charleston Bldg. Comm'n v. Dial, 198 W. Va. 185, 479 S.E.2d 695 (1996).

Legislative intent. — A reading of this section in pari materia with § 8-16-3 reveals that it was the intent of the legislature to permit municipalities to pledge the resources generated by the imposition of fines and fees for a period of not more than twenty (20) years only for jail facilities used for municipal prisoners. Op. Att'y Gen., June 7, 1988, No. 28.

Revenue bonds. — Neither the "self supporting" provision of this section nor the "no obligation" provision of § 8-16-11 prevents a municipality from transferring funds to a public works authority to service revenue bonds. Op. Att'y Gen., Aug. 31, 1979, No. 27.

Self-supporting requirement. — The requirement that public works constructed shall be self-sustaining is held to be inoperative where the work, like a flood wall, is incapable of producing an operating revenue. Duling Bros. Co. v. City of Huntington, 120 W. Va. 85, 196 S.E. 552 (1938).

There is no requirement in this section that municipal public works be self-supporting at the onset. The provision only requires that the works or projects "will be made self-supporting." Op. Att'y Gen., Aug. 31, 1979, No. 27.

§ 8-16-2. Municipalities authorized to construct, etc., public works and to acquire property; payment of costs.

Every municipality is and any two or more municipalities acting jointly, whether situate in the same county or different counties, are, hereby empowered and authorized to construct, reconstruct, establish, acquire, improve, renovate, extend, enlarge, increase, own, equip, repair (including replacements), maintain and operate any municipal public works, together with all appurtenances necessary, appropriate, useful, convenient or incidental for or to the maintenance and operation of such works, and shall have plenary power and authority to acquire by gift, grant, purchase, condemnation or otherwise, and thereafter hold, all necessary lands, rights, easements, rights-of-way, franchises and other property therefor within or without, or partly within and partly without, the corporate limits of any such municipality or municipalities, and to issue revenue bonds to pay the costs of such public works and properties: Provided, That this section shall not be construed to authorize any municipality to construct, reconstruct, establish, acquire, improve, renovate, extend, enlarge, increase, own, equip, repair (including replacements), maintain or operate any works which would render a service already being adequately rendered within such municipality. No obligation shall be incurred by any municipality in such construction, reconstruction, establishment, acquisition, improvement, renovation, extension, enlargement or increase, except such as is payable solely from the funds provided under the authority of this article. (1935, c. 68, § 2; 1969, c. 86.)

W. Va. Law Review. — Wakefield, Problems Associated With the Management of Solid Wastes: Is There a Solution in the Offing?, 83 W. Va. Rev. 131 (1980).

Proceeds. — The proceeds of a series of general obligation bonds of a municipality issued for the purpose of defraying a part of the expense of completing the construction and equipment of a municipal public works, the residue of which expense is to be paid from the sale of revenue bonds issued under this article, may be used for that purpose. Warden v. City of

Grafton, 125 W. Va. 658, 26 S.E.2d 1 (1943).

Refinancing. — Section 13-2A-3, authorizing municipalities to refinance "any enterprise," does not warrant the refinancing of three separate bond issues as a single issue, where the original bonds were issued for the purpose of financing three separate flood wall units. City of Huntington v. Heffley, 127 W. Va. 254, 32 S.E.2d 456 (1944).

Revenue bonds. — "Revenue bonds" issued by a municipality in conformity with this article are not an indebtedness of the municipality under either W. Va. Const., art. X, § 8, or § 13-1-3. Warden v. City of Grafton, 125 W. Va. 658, 26 S.E.2d 1 (1943).

A provision in a municipal ordinance authorizing the issuance of revenue bonds under this article to aid in the completion of a partly constructed hospital owned by the municipality, to the effect that the municipality shall pay the legally established rates for use of the hospital, does not create an indebtedness against the municipality. Warden v. City of Grafton, 125 W. Va. 658, 26 S.E.2d 1 (1943).

Validity. — The validity of bonds, the proceeds of which are to be used toward the completion of a hospital owned by the municipality, under this section, is not impaired or affected by the fact that funds derived from general taxation, or from other sources, also have been, and are to be, used in the construction of the hospital. Warden v. City of Grafton, 125 W. Va. 658, 26 S.E.2d 1 (1943).

Quoted in Perdue v. Ferguson, 177 W. Va. 44, 350 S.E.2d 555 (1986).

Cited in State ex rel. Charleston Bldg. Comm'n v. Dial, 198 W. Va. 185, 479 S.E.2d 695 (1996).

§ 8-16-3. Special provisions as to certain municipal public works.

When the municipal public works is a motor vehicle parking facility, any municipality involved therein shall have the plenary power and authority, in order to help finance the same, to use any revenue derived from other parking meters or other parking facilities, unless such revenue is otherwise pledged to pay for such other parking meters or other parking facilities.

When the municipal public works is a jail facility used for municipal prisoners, any municipality involved therein shall have the power and authority, in order to help finance the same, to pledge, for a period not to exceed twenty years, the proceeds derived from the imposition of fines and fees.

When the cost of the municipal public works is to be paid by special assessment against the abutting property, represented by assessment certificates which constitute a lien upon such property and said assessment certificates are pledged by any municipality to retire revenue bonds issued and sold to pay the cost thereof, the payor of such assessment certificate shall have the right to pay the same at any time before maturity, together with interest thereon to date of payment, and upon the payment of such assessment certificate the treasurer of such municipality shall deliver to the payor a release for such lien, and the funds received therefrom shall by said treasurer be deposited in a special fund to be expended only in the payment of such revenue bonds. (1951, c. 137; 1953, c. 134; 1955, c. 122; 1963, c. 123; 1969, c. 86.)

ALR references. — Parking places as public improvements which may be established or supported in whole or part by special assessments, 8 ALR2d 392.

Pledging parking meter revenues as unlawful relinquishment of governmental power, 83 ALR2d 649.

Purpose. — Section designed to alleviate congested parking conditions. See State ex rel. Bibb v. Chambers, 138 W. Va. 701, 77 S.E.2d 297 (1953).

Fines. — Fines generated by a municipal court may not be pledged to retire bonds issued to finance the construction of a municipal building for the reason that municipalities do not have an express or an implied power to do so. Op. Att'y Gen., June 7, 1988, No. 28.

Legislative intent. — It was the intent of

the legislature to permit municipalities to pledge the resources generated by the imposition of fines and fees for a period of not more than twenty (20) years only for jail facilities used for municipal prisoners. Op. Att'y Gen., June 7, 1988, No. 28.

Parking meter fees off-street. — This section should be construed to include the right to pledge revenues derived from on-street parking meters, not otherwise pledged, to help finance proposed off-street parking facilities, including the payment of the principal and interest on the revenue bonds. State ex rel. Bibb v. Chambers, 138 W. Va. 701, 77 S.E.2d 297 (1953).

A system of financing proposed off-street automobile parking facilities, whereby revenue obtained from on-street parking meters, in excess of their cost and maintenance, would be used to pay off the principal and interest of the revenue bonds issued to finance such off-street parking facilities, is not invalid on the ground that it is a revenue as distinguished from a regulatory measure, if the fees charged for parking on both the off-street and on-street facilities are not unreasonable and are not designed to produce revenue in excess of that sufficient to cover cost and maintenance of both facilities. State ex rel. Bibb v. Chambers, 138 W. Va. 701, 77 S.E.2d 297 (1953).

Renting streets. — If a city has rented designated portions of the public streets to individuals, in order to obtain revenue for the city, then such rental is unauthorized and unlawful. However, if the rental is employed by the city as manner of regulating on-street parking and the flow of traffic on its municipal streets, then the city is authorized to make such rentals. 46 Op. Att'y Gen. 446 (1956).

State employees. — Except where speed and right of way are a necessity or emergency circumstances exist, all state employees must obey municipal traffic regulations and pay parking meter fees and fines. 49 Op. Att'y Gen. 202 (1961).

PART II. CONTROL OF GOVERNING BODY OR BOARD.

§ 8-16-4. Construction, etc., to be under control of governing body or appointed board, etc.

The construction, reconstruction, establishment, acquisition, improvement, renovation, extension, enlargement, increase, equipment, repair (including replacements), custody, maintenance and operation of any such works, and the collection of revenues therefrom, shall be under the supervision and control of the governing body, or of a committee, by whatever name called, composed of all or a portion of the governing body when only one municipality is involved, or of a board or commission appointed by such governing body when only one municipality is involved or appointed by the governing bodies when two or more municipalities take joint action under the provisions of this article, as may be provided by the governing body or bodies.

When such supervision and control are vested in a committee, board or commission, the governing body or bodies, as the case may be, may provide, by ordinance or ordinances, for said committee, board or commission to exercise such of the functions of the governing body or bodies in connection with the matter as it or they deem proper, and may provide for said committee, board or commission to receive such compensation as such body or bodies may deem proper, all of which authority and compensation shall be specifically provided for by ordinance or ordinances. Any such committee, board or commission shall consist of the number of members fixed in the ordinance or ordinances creating the same, and the manner and mode of the selection and appointment of the members of any such board or commission shall be stated in such ordinance or ordinances. The members of any such board or commission appointed by the governing body or bodies shall be chosen without regard to their political affiliations, but with regard to their business and professional experience or standing as citizens in the community. All compensation and expenses, including attorney's fees, of such committee, board or commission shall be paid solely from funds provided under the authority of this article. Any such committee, board or commission shall have the power to establish bylaws, rules and regulations for its own government.

When hereinafter used in this article, the term "board" shall be construed to mean the governing body or committee composed of all or a portion of the governing body when only one municipality is involved, or a board or commission appointed by the governing body when only one municipality is involved or appointed by the governing bodies when two or more municipalities take joint action under the provisions of this article, as the case may be. When two or more municipalities take joint action under the provisions of this article each governing body shall appoint to the board the number of members which the governing bodies have agreed shall be appointed by each such governing body.

The governing body or bodies also, in its or their discretion, may provide by ordinance or ordinances for the leasing of a municipal public works and provide for the custody, maintenance and operation thereof by a lessee in accordance with the provisions of such ordinance or ordinances and lease contract executed pursuant thereto: Provided, That the lessee shall pay to the municipality or municipalities for the use and occupancy of such municipal public works so leased an amount sufficient to provide a sinking fund for the payment of the bonds and the interest thereon and all other charges mentioned in section seventeen [§ 8-16-17] of this article. (1935, c. 68, §§ 3, 21; 1937, c. 55; 1961, c. 100; 1969, c. 86.)

"Committee." — A national bank may be regarded as a committee under this section. Duling Bros. Co. v. City of Huntington, 120 W. Va. 85, 196 S.E. 552 (1938).

Exercise of legislative powers. — Court did not enjoin municipal legislative body from exercising legislative powers in enacting a municipal ordinance involving administration of a floodwall system, concerning the public safety and health, where there was nothing in the petition for the injunction to indicate that enactment or enforcement of the ordinance would cause irreparable injury to the injunction petitioners or that there was no adequate remedy at law. Perdue v. Ferguson, 177 W. Va. 44, 350 S.E.2d 555 (1986).

Racial restrictions prohibited. — A municipality may not, by leasing a swimming pool constructed with public funds to a private association of persons, relieve itself of the constitutional obligation to afford colored citizens equal rights with those of white citizens in the use of the public recreational facilities thereby provided. Lawrence v. Hancock, 76 F. Supp. 1004 (S.D.W. Va. 1948).

Cited in State ex rel. Charleston Bldg. Comm'n v. Dial, 198 W. Va. 185, 479 S.E.2d 695 (1996).

§ 8-16-4a. Additional special provisions as to motor vehicle parking facilities.

(a) The legislature hereby finds that the greatly increased use by the public of motor vehicles of all kinds has caused serious traffic congestion on the streets of many municipalities in this State; that the lack of adequate planning and supervision of the location of parking facilities, the parking of motor vehicles of all kinds and the lack of adequate parking facilities for motor vehicles of all kinds substantially impede the free circulation of traffic in, through and from many municipalities in this State, impede the rapid and effective fighting of fires and disposition of police officers therein, contribute to

the location and relocation of commercial and business enterprises outside of urban areas and retard the development of commerce and business within many municipalities in this State, thereby giving rise to urban blight and adversely affecting or threatening to adversely affect the tax base of such municipalities; that such parking crisis can be reduced by such municipalities providing adequate motor vehicle parking facilities strategically located there; that providing properly located terminal space for motor vehicles is a public responsibility; that fostering the development of commerce and business within municipalities, with the increased tax revenues resulting therefrom, is a public purpose; that fostering the availability of property for charitable use is a public purpose; that the closer the proximity between municipally owned motor vehicle parking facilities and commercial and business establishments the greater the development of commerce and business and the greater the level of revenue produced by such motor vehicle parking facilities; that the erection or construction of pedestrian viaducts, ramps, bridges, tunnels or other pedestrian facilities leading to and from motor vehicle parking facilities so as to facilitate the movement of pedestrians to and from such motor vehicle parking facilities fosters the development of commerce and business and increases the level of revenue produced by such motor vehicle parking facilities; that the leasing, particularly on a long-term basis, and the selling of space for commercial or business use in connection with a municipally owned motor vehicle parking facility will aid the development of commerce and business, increase the level of revenue produced by such motor vehicle parking facility and maintain and increase the tax base of such municipalities; that in many instances the authority for the leasing of space as provided for in this section would assist in financing the construction, reconstruction, establishment, acquisition, improvement, renovation, extension, enlargement, increase, equipment or repair (including replacements) of any such motor vehicle parking facility; that the enactment of this section is for the general welfare of the public and is a public necessity; and that the means and measures authorized in this section are, as a matter of public policy, for the public purposes of such municipalities. This section is enacted in view of these findings and shall be liberally construed in the light thereof.

(b) The governing body or bodies, in its or their discretion, may provide by ordinance or ordinances:

(1) For the leasing by the board as lessor of space in or on a municipal public works which is a motor vehicle parking facility for any business, commercial or charitable use to such person, for such fair and adequate consideration, for such period or periods of time and upon such other terms and conditions as such body or bodies or the board may agree to. In connection with the leasing of any such space, the board may agree to provide in or on such motor vehicle parking facility such structures, accommodations or improvements as may be necessary for such business, commercial or charitable use or such space may be leased upon condition that the lessee shall provide the same in or on the space so leased.

(2) For the leasing by the board as lessor or the selling of air space over a municipal public works which is a motor vehicle parking facility for any

business, commercial or charitable use to such person, for such fair and adequate consideration, for such period or periods of time in the case of a lease and upon such other terms and conditions as such body or bodies or the board may agree to. Any lease or deed of sale of such air space may contain provisions (i) authorizing the use of such areas of the underlying motor vehicle parking facility as are essential for ingress and egress to and from such air space, (ii) relating to the support of any building or other structure to be erected in such air space, and (iii) relating to the connection of essential public or private utilities to any building or other structure in such air space.

(3) For the erection or construction by the board of any pedestrian viaduct, ramp, bridge, tunnel or other pedestrian facility leading to and from a municipal public works which is a motor vehicle parking facility; and any such pedestrian viaduct, ramp, bridge, tunnel or other pedestrian facility shall, for all purposes of this article, be considered to be a part of a municipal public works which is a motor vehicle parking facility with like effect as if the term "municipal public works" were expressly defined in section one [§ 8-16-1] of this article to include pedestrian viaducts, ramps, bridges, tunnels or other pedestrian facilities: Provided, That any cost incurred by any municipality or municipalities in erecting or constructing any such pedestrian viaduct, ramp, bridge, tunnel or other pedestrian facility which connects a municipal public works which is a motor vehicle parking facility with a privately owned building or buildings or other privately owned structure or structures shall be paid for by the owner or owners of such building or buildings or such other structure or structures.

Any such lease may be privately negotiated without any public notice or advertising, and any such sale may be a public sale pursuant to the provisions of section eighteen [§ 8-12-18], article twelve of this chapter or such sale may be privately negotiated, notwithstanding the provisions of said section eighteen.

(c) The proceeds received from any lease, sale or payment as provided in this section shall be deemed revenue of the works and used as provided in section seventeen [§ 8-16-17] of this article.

(d) Notwithstanding the fact that any motor vehicle parking facility subject to the provisions of this article is municipally owned and the fact that a lease or sale under the provisions of subdivision (1) or subdivision (2), subsection (b) of this section is for a public purpose as declared in subsection (a) of this section, any leasehold interest under said subdivision (1), and any building, structure, accommodation or improvement erected, made or operated in any air space leased or sold under said subdivision (2) shall be subject to all property taxes, which shall be assessed and imposed against the lessee or grantee, as the case may be, unless the use of such leasehold interest, building, structure, accommodation or improvement is otherwise exempt from property taxation under the provisions of section nine [§ 11-3-9], article three, chapter eleven of this code. (1971, c. 99.)

Constitutionality. — This section is not in contravention of W. Va. Const., art. X, §§ 1 and 5 or art. III, §§ 9 and 10 or of the Fourteenth Amendment to the Constitution of the United States. State ex rel. City of Charleston v. Coghill, 156 W. Va. 877, 207 S.E.2d 113 (1973).

Inasmuch as this section has been construed by West Virginia's highest court to restrict private leasing to incidental space, and in view of the availability of adequate means by which the property owner can insist that this test be met prior to condemnation, the section is constitutional. Washington-Summers, Inc. v. City of Charleston, 430 F. Supp. 1013 (S.D.W. Va. 1977).

§ 8-16-4b. Additional special provision as to the use of space in motor vehicle parking facilities.

For all purposes of this article, the power and authority of any municipality to lease, as lessor, space in a motor vehicle parking facility to any person for business, commercial or charitable use shall be deemed to include the power and authority to lease such space to the United States of America, the State of West Virginia, the county court [county commission] of any county of the State of West Virginia, and any agency, board or commission of any thereof, and the revenues derived from such leases may be pledged as security for and expended in payment of revenue bonds of such municipality in like manner and to the same extent as other revenues from such motor vehicle parking facility. (1974, c. 47.)

Editor's notes. — The bracketed words were inserted by the editor. See W. Va. Const., art. IX, § 9.

Part III. General Powers and Authority.

§ 8-16-5. Powers of board.

The board shall have plenary power and authority to take all steps and proceedings, and to make and enter into all contracts or agreements necessary, appropriate, useful, convenient or incidental to the performance of its duties and the execution of its powers and authority under this article: Provided, That any contract or agreement relating to the financing, or the construction, reconstruction, establishment, acquisition, improvement, renovation, extension, enlargement, increase or equipment of any such works, and any trust indenture with respect thereto as hereafter provided for, shall be approved by the governing body or bodies.

The board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys and such other employees as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the board may direct. All such compensation and expenses incurred in carrying out the provisions of this article shall be paid solely from funds provided under the authority of this article, and the board shall not exercise or carry out any power or authority herein given it so as to bind said board or any municipality beyond the extent to which money shall have been, or may be provided under the authority of this article. No contract or agreement with any contractor or contractors for labor or materials, or both, exceeding in amount the sum of one thousand dollars shall be made without advertising for bids, which bids shall be publicly opened and an award made to the lowest responsible bidder, with power and authority

in the board to reject any and all bids. After the construction, reconstruction, establishment, acquisition, renovation or equipment of any such works, the board shall maintain, operate, manage and control the same, and may order and complete any improvements, extensions, enlargements, increase or repair (including replacements) of and to the works that the board may deem expedient, if funds therefor be available, or are made available, as provided in this article, and shall establish rules and regulations for the use, maintenance and operation of the works, and do all things necessary or expedient for the successful operation thereof. All public ways or public works damaged or destroyed by the board in carrying out its authority under this article shall be restored or repaired by the board and placed in their original condition, as nearly as practicable, if requested so to do by proper authority, out of the funds provided under the authority of this article. (1935, c. 68, § 4; 1969, c. 86.)

§ 8-16-6. Preliminary expenses.

All necessary preliminary expenses actually incurred by the board of any municipality or municipalities in the making of surveys or estimates of cost and of revenues, employment of engineers or other employees, the giving of notices, the taking of options, and all other expenses of whatsoever nature necessary to be paid prior to the issue, sale and delivery of the revenue bonds herein provided for, may be paid by the municipality or municipalities, to be reimbursed and repaid out of the proceeds of the sale of such revenue bonds to be used for the construction, reconstruction, establishment, acquisition, improvement, renovation, extension, enlargement, increase, equipment or repair (including replacements) of such works as hereinafter provided. (1935, c. 68, § 5; 1969, c. 86.)

§ 8-16-7. Ordinance for construction, etc., of works.

Before any municipality or municipalities shall, under the provisions of this article, construct, reconstruct, establish, acquire, improve, renovate, extend, enlarge, increase, equip or repair (including replacements) any municipal public works, the governing body, or the governing body of each participating municipality, shall enact an ordinance or ordinances, which shall (a) set forth a brief and general description of the works, including a reference to the preliminary report or plans and specifications which shall theretofore have been prepared; (b) set forth the estimated cost thereof; (c) order the construction, reconstruction, establishment, acquisition, improvement, renovation, extension, enlargement, increase, equipment or repair (including replacements) of such works; (d) direct that municipal revenue bonds be issued pursuant to this article, in such amount as may be found necessary to pay the cost of the works; (e) contain such provisions as the governing body determines are necessary or desirable with regard to the establishment and setting aside of reserves from the proceeds of such revenue bonds or from the revenues of said works, or from both, and the administration and disposition thereof; and (f) contain such other provisions as may be necessary or proper in the premises. When two or more municipalities take joint action under the provisions of this

article, a certified copy of each such ordinance shall be filed in the office of the clerk of the county commission of the county or counties in which the municipalities are located and in the office of the state tax commissioner, and when any such municipality is located in more than one county, the filing for that municipality shall be in the office of the clerk of the county commission in which the major portion of the territory of such municipality is located. Before any such ordinance shall become effective, an abstract of the ordinance, determined by the governing body or each governing body, as the case may be, to contain sufficient information as to give notice of the contents of such ordinance, together with the following described notice, shall be published as a Class II legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be such municipality or each such municipality, as the case may be. The notice to be published with said abstract of the ordinance shall specify a date, time and place for a public hearing, the date being not less than ten days after the first publication of said abstract and notice and not prior to the last publication of said abstract and notice, at which time and place all parties and interest may appear before the governing body of the municipality or each such municipality and may be heard as to whether or not said ordinance shall be put into effect, and said notice shall also identify the office in which a certified copy of such ordinance shall be on file for review by interested persons during the office hours of such office. At such hearing all objections and suggestions shall be heard and the governing body or each such governing body shall take such action as it or they shall deem proper in the premises: Provided, That if at any such hearing written protest is filed by thirty percent or more of the freeholders of the municipality for which the hearing is held, then the governing body of said municipality shall not take further action unless four fifths of the members of said governing body assent thereto: Provided, however, That in case written protest is filed by thirty percent or more of the freeholders as herein provided, any such governing body shall have authority to appoint a committee to consist of one proponent, one opponent, and the third to be selected by these two, to determine whether or not thirty percent of the freeholders have in fact protested and said committee shall report its findings to any such governing body. (1935, c. 68, § 6; 1967, c. 105; 1969, c. 86; 1971, c. 193; 1973, c. 89; 1981, 1st Ex. Sess., c. 2.)

"Estimated cost." — The provision requiring an ordinance to set forth the estimated cost of the construction of a public work refers to the cost of the proposed work to the municipality, and not to other contributions. Smith v. City of Parkersburg, 125 W. Va. 415, 24 S.E.2d 588 (1943).

Purpose of ordinance. — The purpose of the ordinances required by this section is plainly to inform the residents and taxpayers of the municipalities concerned as to the outlay by them, and the expected returns from the special assessment to be laid. Smith v. City of Parkersburg, 125 W. Va. 415, 24 S.E.2d 588 (1943).

Repeal of ordinance. — An ordinance providing for the collection of just and reasonable rates or charges for the use or services rendered by a municipal public works in order to pay cost of operating and maintaining such works and, from its net earnings, to meet the interest charges upon, and provide for the retirement of, the outstanding bonds which have been made a direct charge upon the net earnings and capital investment of such works under the provisions of this article, the ordinance providing the only means by which such works can earn money, cannot, while the bonds are outstanding, be repealed. State ex rel. Klostermeyer v. City of Charleston, 130 W. Va. 490, 45 S.E.2d 7 (1947).

Stated in City of Fairmont v. Investors Syndicate of Am., Inc., 172 W. Va. 431, 307 S.E.2d 467 (1983); State ex rel. Charleston Bldg. Comm'n v. Dial, 198 W. Va. 185, 479 S.E.2d 695 (1996).

Cited in Washington-Summers, Inc. v. City of Charleston, 430 F. Supp. 1013 (S.D.W. Va. 1977).

PART IV. RIGHT OF EMINENT DOMAIN.

§ 8-16-8. Right of eminent domain.

Every such municipality shall have plenary power and authority to condemn any such municipal public works to be acquired, and any land, rights, easements, rights-of-way, franchises and other property, real or personal, deemed necessary, appropriate, useful or convenient for, and incidental to, the construction, reconstruction or establishment of any such works and space for business, commercial or charitable use in connection therewith, or for the improvement, renovation, extension, enlargement, increase or equipment thereof or thereto, and in connection therewith shall have and may exercise all the rights, power, authority and privileges of eminent domain granted to municipalities under the laws relating thereto. Title to property shall be taken in the name of the municipality or jointly in the names of the participating municipalities. Proceedings for such appropriation of property shall be under and pursuant to chapter fifty-four [§ 54-1-1 et seq.] of this code: Provided, That any such municipality shall be under no obligation to accept and pay for any property condemned, and shall in no event pay for any property condemned or purchased, except from funds provided under the authority of this article; and in any proceedings to condemn, such orders may be made as may be just to any such municipality and to the owners of the property to be condemned; and an understanding or other security may be required securing such owners against any loss or damage which may be sustained by reason of the failure of any such municipality to accept and pay for the property, but such undertaking or security shall impose no liability upon any such municipality, except such as may be paid from the funds provided under the authority of this article.

In the event of acquisition by purchase, the board may obtain and exercise an option from the owners of said property for the purchase thereof, and may enter into a contract for the purchase thereof, and such purchase may be made upon such terms and conditions, and in such manner as the board may deem proper: Provided, however, That the exercise of such option, or the contract for such purchase, or such purchase shall in no event create any obligation of any such municipality, or create any debt, liability or claim, except such as may be discharged or paid from the funds provided under the authority of this article.

In the event of the acquisition of any works already constructed by purchase or condemnation, the board at or before the time of the adoption of any ordinance described in section seven [§ 8-16-7] hereof, shall cause to be determined what reconstruction, improvement, renovation, extension, enlargement, increase, equipment or repair (including replacements) will be necessary, in order that such works and space for business, commercial or charitable use in connection therewith, if any, may be effective for their

purpose, and an estimate of the cost thereof shall be included in the estimate of the cost required by section seven hereof, and the same shall be made upon the acquisition of the works and as a part of the cost thereof: Provided further, That no municipality or municipalities shall, under the authority conferred by this article, condemn any existing privately owned works (other than motor vehicle parking facilities) in operation at the date of the condemnation. (1935, c. 68, § 7; 1969, c. 86; 1971, c. 99.)

PART V. REVENUE BOND FINANCING.

§ 8-16-9. Bonds for improvements, etc., of works.

Whenever any municipality or municipalities now, or hereafter, shall own and maintain and operate any of the works herein referred to, whether constructed, reconstructed, established or acquired under the provisions of this article or not, and shall desire to improve, renovate, extend, enlarge, increase, equip or repair (including replacements) the same, it may issue revenue bonds, under the provisions of this article, to pay for the same, and the procedure therefor, including fixing all rates and the computation of the amount thereof, shall be the same as in this article provided for the issuance of bonds for the construction, reconstruction, establishment or acquisition of any such works in or by any such municipality which has not theretofore owned and maintained and operated any such works: Provided, That no existing obligations or rights shall be affected or impaired thereby. (1935, c. 68, § 8; 1969, c. 86.)

ALR references. — Validity of municipal bond issue as against owners of property, annexation of which to municipality became effective after date of election at which issue was approved by voters, 10 ALR2d 559.

Cited in City of Fairmont v. Investors Syndicate of Am., Inc., 172 W. Va. 431, 307 S.E.2d 467 (1983).

§ 8-16-10. Items of expense included in cost of works.

The cost of the works shall be deemed to include the cost of construction, reconstruction, establishment or acquisition thereof, the cost of all land, rights, easements, rights-of-way, franchises and other property, real or personal, deemed necessary, appropriate, useful, convenient or incidental therefor or thereto and for the improvement, renovation, extension, enlargement, increase, equipment or repair (including replacements) determined upon; the interest upon bonds prior to and during the project and for six months after completion thereof; the amount of any reserve funded from the proceeds of bonds; engineering and legal expenses; expenses for estimates of cost and of revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expenses; and such other expenses as may be necessary or incident to the financing herein authorized, the project, the placing of the works in operation and the performance of the things herein required or permitted in connection with any thereof. (1935, c. 68, § 9; 1969, c. 86; 1973, c. 89.)

Stated in State ex rel. Charleston Bldg. Comm'n v. Dial, 198 W. Va. 185, 479 S.E.2d 695 (1996).

§ 8-16-11. No municipality is to incur any obligation not payable from proceeds of bonds; exemption from taxation.

Nothing in this article contained shall be so construed as to authorize or permit any municipality or municipalities to make any contract or incur any obligation of any kind or nature, except such as shall be discharged or payable solely from the funds provided under the authority of this article. Funds for the payment of the entire cost of the works shall be provided by the issuance of revenue bonds of the municipality or municipalities, the principal and interest of which bonds shall be payable solely from the special fund for such payment herein provided for, and said bonds shall not in any respect be a corporate indebtedness of such municipality or municipalities. All such bonds and the interest thereon, and all properties and revenues and income derived from such municipal public works, shall be exempt from all taxation by this State, or any county, municipality, political subdivision or agency thereof. All of the details of such bonds and the issuance thereof shall be determined by ordinance of the governing body or bodies. (1935, c. 68, § 10; 1969, c. 86.)

W. Va. Law Review. — For note, "Municipal Bonds — The Need for Disclosure," see 78 W. Va. L. Rev. 391 (1976).

Transfer of funds. — This section does not preclude a municipality from transferring funds for the purpose of servicing debt, where the transfer does not obligate the municipality in any way, the principal and interest of the revenue bonds remaining payable only from a fund made up of parking fees. Op. Att'y Gen., Aug. 31, 1979, No. 27.

This section prevents a bondholder from expecting payment from any source save the fund set up for the purpose, but does not prevent a city from gratuitously transferring funds for the purpose of servicing revenue bonds provided that the city is not obligated to do so. Op. Att'y Gen., Aug. 31, 1979, No. 27.

Neither the "self supporting" provision of § 8-16-1 nor the "no obligation" provision of this section prevents a municipality from transferring funds to a public works authority to service revenue bonds. Op. Att'y Gen., Aug. 31, 1979, No. 27.

Quoted in State ex rel. Charleston Bldg. Comm'n v. Dial, 198 W. Va. 185, 479 S.E.2d 695 (1996).

§ 8-16-12. Interest rate and life of bonds; redemption; how payable; form, denominations, etc.; additional bonds authorized; interim certificates.

Such revenue bonds shall bear interest at not more than twelve percent per annum, payable semiannually, or at shorter intervals, and shall mature at such time or times, not exceeding forty years, as may be determined by the ordinance or ordinances authorizing the issuance of such bonds. Such bonds may be made redeemable before maturity, at the option of the municipality or municipalities issuing the same, to be exercised by said board, at not more than the par value thereof, and at a premium of not more than five percent, under such terms and conditions as may be fixed by the ordinance or ordinances authorizing the issuance of the bonds. The principal and interest of

the bonds may be made payable in any lawful medium. Such ordinance or ordinances shall determine the form of the bonds, either coupon or registered, shall set forth any registration or conversion privileges, and shall fix the denomination or denominations of such bonds, and the place or places of the payment of the principal and interest thereof, which may be at any banking institution or trust company within or without the State. When two or more municipalities take joint action under the provisions of this article, the bonds shall be issued by the participating municipalities either as separate or joint bonds, as the governing bodies thereof may agree, and when separate bonds are issued, the amount of the bonds to be issued by each participating municipality shall be fixed by agreement of the governing bodies of the participating municipalities set forth in the ordinance of each participating municipality authorizing the issuance of such bonds. The bonds shall contain a statement on their face that the municipality or municipalities issuing the same shall not be obligated to pay the same, or the interest thereon, except from the special fund derived from the net revenue of the works, or the pro rata part thereof, as provided for in section eleven [§ 8-16-11] hereof. All such bonds shall be, and shall have and are hereby declared to have all the qualities and incidents of negotiable instruments, under the Uniform Commercial Code of this State. The bonds shall be executed in such manner as the governing body or bodies may direct. The bonds shall be sold by the governing body or bodies in such manner as may be determined to be for the best interest of the municipality or municipalities: Provided, That said bonds shall not be negotiated at a price lower than a price which when computed to maturity upon standard tables of bond values will show a net return of more than thirteen percent per annum to the purchaser upon the amount paid therefor. Any surplus of the bond proceeds over and above the cost of the project shall be paid into the sinking fund hereinafter provided for. If the proceeds of the bonds, by error of calculation or otherwise, shall be less than the cost of the project, additional bonds may in like manner be issued to provide the amount of such deficit, and, unless otherwise provided in the ordinance or ordinances authorizing the issuance of the bonds first issued, or in the trust indenture hereinafter authorized, shall be deemed to be of same issue, and shall be entitled to payment without preference or priority of the bonds first issued; and if any preference or priority of the bonds first issued is provided for in the ordinance or ordinances authorizing the issuance of the bonds first issued or in said trust indenture, such preference or priority shall not extend to an amount exceeding ten percent of the original issue. Prior to the preparation of the definitive bonds, interim certificates may, under like restrictions, be issued, exchangeable for definitive bonds upon the issuance of the latter. (1935, c. 68, § 11; 1969, c. 86; 1970, c. 7; 1980, c. 33; 1981, 1st Ex. Sess., c. 2.)

Editor's notes. — The Uniform Commercial Code is codified as § 46-1-101 et seq.

Early redemption. — A city has no authority to establish a scheme requiring early redemption, thereby eliminating its option either to call bonds early or not to do so. City of Fairmont v. Investors Syndicate of Am., Inc., 172 W. Va. 431, 307 S.E.2d 467 (1983).

§ 8-16-13. Obligations not to bind municipal official or officer or member of board personally.

No municipal official or officer or member of the board shall in any event be personally liable upon any contract or obligation of any kind or character executed under the authority herein contained, even if said undertaking should thereafter be held ultra vires. (1935, c. 68, § 12; 1969, c. 86.)

§ 8-16-14. Additional bonds for improvements, etc., of works.

The governing body or bodies may provide by the said ordinance or ordinances authorizing the issuance of the bonds or in the trust indenture hereinafter referred to, that additional bonds may thereafter be authorized and issued at one time, or from time to time, under such limitations and restrictions as may be set forth in said ordinance or ordinances, or trust indenture, or all of these, for the purpose of improving, renovating, extending, enlarging, increasing, equipping or repairing (including replacements) the works when deemed necessary in the public interest, such additional bonds to be secured, and be payable from the revenues of the works, as provided for in section nine [§ 8-16-9] of this article. (1935, c. 68, § 13; 1969, c. 86.)

§ 8-16-15. How proceeds of bonds applied.

All moneys received from the sale of any bonds issued under the authority of this article, after reimbursements and repayments to said municipality or municipalities of all amounts advanced for preliminary expenses, as provided in section six [§ 8-16-6] of this article, shall be applied solely to the payment of the cost of the project, or to the appurtenant sinking fund, and there shall be, and there is hereby, created and granted a lien upon such moneys, until so applied, in favor of the holders of the bonds or the trustees hereinafter provided for. (1935, c. 68, § 14; 1969, c. 86.)

§ 8-16-16. Bonds secured by trust indenture between municipality or municipalities and corporate trustee.

In the discretion and at the option of the governing body or bodies such bonds may be secured by a trust indenture by and between such municipality or municipalities and a corporate trustee, which may be a trust company or banking institution having powers of a trust company within or without the State. The ordinance or ordinances authorizing the issuance of the revenue bonds, and fixing the details thereof, may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the municipality or municipalities and the board in relation to the construction, reconstruction, establishment, acquisition, improvement, renovation, extension, enlargement,

increase and equipment of the project and the repair (including replacements), maintenance, operation and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that the project shall be contracted for, carried out and paid for, under the supervision and approval of the consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, their successors, assignees or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the works or other moneys pertaining thereto be satisfactory to such purchasers, their successors, assignees or nominees. Such indenture may set forth the rights and remedies of the bondholders or such trustee, or both. Except as in this article otherwise provided, the governing body or bodies may provide by ordinance or ordinances or in such trust indenture for the payment of the proceeds of the sale of the bonds and the revenues of the works to such officer, board or depository, as such body or bodies may determine for the custody thereof, and for the method of distribution thereof, with such safeguards and restrictions as such body or bodies may determine. (1935, c. 68, § 15; 1969, c. 86.)

§ 8-16-17. Sinking fund; sinking fund commission; transfer of funds; purchase of outstanding bonds.

Before the issuance of any such bonds, the governing body or bodies shall, by ordinance or ordinances, provide for a sinking fund for the payment of the bonds and the interest thereon, and the payment of the charges of banking institutions or trust companies for making payment of such bonds and interest, out of the net revenues of said works, and shall set aside and pledge a sufficient amount of the net revenues of the works hereby defined to mean the revenues of the works remaining after the payment of the reasonable expenses of repair (including replacements), maintenance and operation, such amount to be paid by the board into the sinking fund at intervals, to be determined by ordinance or ordinances adopted prior to the issuance of the bonds, for (a) the interest upon such bonds as such interest shall fall due; (b) the necessary fiscal agency charges for paying bonds and interest; (c) the payment of the bonds as they fall due, or if all bonds mature at one time, the proper maintenance of a sinking fund sufficient for the payment thereof at such time; and (d) a margin for safety and for the payment of premium upon bonds retired by call or purchase as herein provided, which margin, together with unused surplus of such margin carried forward from the preceding year and the amounts set aside as reserved out of the proceeds from the sale of the bonds, or from the revenues of said works, or from both, shall equal ten percent of all other amounts so required to be paid into the sinking fund. Such required payments shall constitute a first charge upon all the net revenues of the works. Prior to the issuance of the bonds, the board may, by ordinance or ordinances, be given the right to use or direct the trustee or the state sinking fund commission to use such sinking fund, or any part thereof, in the purchase of any of the outstanding bonds payable therefrom, at the market prices thereof, but not exceeding the price, if any, at which the same shall in the same year be payable

or redeemable, and all bonds redeemed or purchased shall forthwith be cancelled, and shall not again be issued. After the payments into the sinking fund as herein required and after reserving an amount deemed by the board sufficient for repair (including replacements), maintenance and operation for an ensuing period of not less than twelve months and for depreciation, the board may at any time in its discretion transfer all or any part of the balance of the net revenues into the sinking fund or into a fund for improvement, renovation, extension, enlargement, increase or equipment for or to the works, or the governing body or bodies may, notwithstanding the provisions of section twenty [§ 8-13-20], article thirteen of this chapter, transfer all or any part of the balance of the net revenues to the general or any special fund of the municipality or municipalities and use such revenues for any purpose for which such general or special fund may be expended.

All amounts for the sinking fund and interest, as and when set apart for the payment of same, shall be remitted to the state sinking fund commission at such periods as shall be designated in the ordinance or ordinances, but in any event at least thirty days previous to the time interest or principal payments become due, to be retained and paid out by said commission consistent with the provisions of this article and the ordinance or ordinances pursuant to which such bonds have been issued. The state sinking fund commission is hereby authorized to act as fiscal agent for the administration of such sinking fund under any ordinance or ordinances passed or adopted pursuant to the provisions of this article and shall invest all sinking funds as provided by general law. (1935, c. 68, § 16; 1969, c. 86; 1971, c. 99; 1973, c. 89.)

Applied in State ex rel. City of Charleston v. Hutchinson, 154 W. Va. 585, 176 S.E.2d 691 (1970).

Part VI. Imposition of Rates or Charges.

§ 8-16-18. Rates or charges for services rendered by works.

The governing body shall have plenary power and authority and it shall be its duty, by ordinance, to establish and maintain just and equitable rates or charges for the use and services rendered, or the improvement or protection of property provided or afforded, by such works, to be paid by the person using the same, receiving the services thereof, or owning the property improved or protected thereby, and may readjust such rates or charges from time to time. When two or more municipalities take joint action under the provisions of this article, such rates or charges shall be established by each participating municipality, with the concurrence of the other participating municipality or municipalities as to the amount of such rates or charges, and such rates or charges may be the same with respect to each municipality, or they may be different.

Rates or charges heretofore or hereafter established and maintained for the improvement or protection of property, provided or afforded by a municipal

flood control system or flood walls, to be paid by the person owning the property improved or protected thereby, shall be collectible and enforceable from the time provided in any such ordinance, any provision of this or any other law to the contrary notwithstanding, if, at such time, such works, though not yet fully completed, are nearing completion and such governing body is reasonably assured that such works will be completed and placed in operation without unreasonable delay.

All rates or charges shall be sufficient in each year for the payment of the proper and reasonable expenses of repair (including replacements), maintenance and operation of the works, and for the payment of the sums herein required to be paid into the sinking fund.

Revenues collected pursuant to the provisions of this section shall be deemed the revenues of the works. No such rates or charges shall be established until after a public hearing at which all the users of the works and owners of the property served, or to be served thereby, and others interested, shall have an opportunity to be heard concerning the proposed rates or charges. After introduction of the proposed ordinance fixing such rates or charges and before the same is finally adopted, notice of such hearing, setting forth the proposed schedule of such rates or charges, shall be given by publishing the same as a Class I-0 legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be such municipality or each such municipality, as the case may be. Said notice shall be published at least five days before the date fixed in such notice for the hearing, which hearing may be adjourned from time to time. No other or further notice to parties in interest shall be required. After such hearing the ordinance establishing rates or charges, either as originally proposed or introduced, or as modified and amended, shall be adopted and put into effect. A copy of the schedule of such rates and charges so established shall be kept on file in the office of the board having charge of such works, and also in the office of the governing body or bodies, and shall be open to inspection by all parties in interest. The rates or charges so established for any class of users or property served shall be extended to cover any additional class of users or property thereafter served which fall within the same class, without the necessity of any hearing or notice. Any change or adjustment of rates or charges may be made in the same manner as such rates or charges were originally established as hereinabove provided. The aggregate of the rates or charges shall always be sufficient for the expenses of repair (including replacements), maintenance and operation, and for the sinking fund payments. If any rate or charge so established shall not be paid within thirty days after the same is due, the amount thereof may be recovered by the board in a civil action in the name of the municipality or municipalities, and in the case of charges due for services rendered, such charges, if not paid when due, may, if the governing body so provide in the ordinance provided for under section seven [§ 8-16-7] of this article, constitute a lien upon the premises served by such works, which lien may be foreclosed against such lot, parcel of land or building so served, in accordance with the laws relating to the foreclosure of liens on real property. Upon failure of any person receiving any such service to

pay for the same when due, the board may discontinue such service without notice. (1935, c. 68, § 17; 1949, c. 85; 1967, c. 105; 1969, c. 86.)

"Charges." — The word "charges" as used in this section includes a special assessment against real estate. City of Moundsville v. Brown, 125 W. Va. 779, 25 S.E.2d 900 (1943), modified, 127 W. Va. 602, 34 S.E.2d 321 (1945).

Collection of assessments. — Assessments made by a municipality against the owner of land abutting on a street paved or repaved as a municipal public works project may be collected by an action or suit in the name of the municipality. And this is true even though such land is held by trustees. City of Moundsville v. Brown, 127 W. Va. 602, 34 S.E.2d 321 (1945).

Repeal of ordinance. — An ordinance providing for the collection of just and reasonable rates or charges for the use or services rendered by a municipal public works in order to pay cost of operating and maintaining such works and, from its net earnings, to meet the interest charges upon, and provide for the retirement of, the outstanding bonds which have been made a direct charge upon the net earnings and capital investment of such works under the provisions of this article, the ordinance providing the only means by which such works can earn money, cannot, while the bonds are outstanding, be repealed. State ex rel. Klostermeyer v. City of Charleston, 130 W. Va. 490, 45 S.E.2d 7 (1947).

Cited in Perdue v. Ferguson, 177 W. Va. 44, 350 S.E.2d 555 (1986).

§ 8-16-18a. Pledge of the hotel occupancy tax; contribution of revenues to building commission.

In addition to the rates or charges authorized to be pledged and expended for the security and payment of bonds as provided in this article, the governing body issuing such bonds shall have plenary power and authority to pledge and expend for the security and payment of such bonds all, or any part, of the revenues which are derived from the hotel occupancy tax which a municipality may impose pursuant to section three [§ 8-13-3], article thirteen of this chapter and which are specifically dedicated by such governing body for any purpose or purposes set forth in section three, article thirteen of this chapter. All such sums which are so pledged shall be deemed "revenues of the works" for all purposes of the provisions of this article. The governing body shall also have the power and authority to contribute all, or any part of, the revenues derived from said hotel occupancy tax to a building commission created by such governing body pursuant to article thirty-three [§ 8-33-1 et seq.], chapter eight of this code for such lawful purposes which such building commission shall determine and which are set forth in section three, article thirteen of this chapter, including payment of revenue bonds issued by such building commission. (1976, c. 82.)

§ 8-16-19. Appeal to public service commission from rates fixed.

If any party in interest is dissatisfied with the rates fixed under the provisions of the immediately preceding section [§ 8-16-18] of this article, such party shall have the right to appeal to the public service commission at any time within thirty days after the fixing of such rates by the governing body, but the rates so fixed by the governing body shall remain in full force and effect, until set aside, altered or amended by the public service commission. (1935, c. 68, § 18; 1969, c. 86.)

Editor's notes. — The language referring to "the immediately preceding section" was rendered obsolete by the addition of § 8-16-18a. The reference is presumably intended to be to § 8-16-18.

Special assessments. — Even if this section applies to special assessments (which the court did not concede) it cannot be extended, because such extension is expressly excluded by § 8-16-26. Duling Bros. Co. v. City of Huntington, 120 W. Va. 85, 196 S.E. 552 (1938).

PART VII. ACCOUNTING SYSTEM AND RECORDS.

§ 8-16-20. Accounting system; yearly audit; custodian of funds.

Any municipality or municipalities issuing revenue bonds under the provisions of this article shall install and maintain a proper system of accounting, showing the amount of revenues received and the application of the same, and the governing body or bodies shall, at least once a year, cause such accounts to be properly audited by a competent auditor, and the report of such auditor shall be open for inspection at all proper times to any taxpayer or resident of said municipality or municipalities, or person receiving service from said works, or any holder of bonds issued under the provisions of this article, or anyone acting for in behalf of such taxpayer, resident, person or bondholder. The treasurer of such municipality or each such municipality, or other official or institution specifically charged with the duty, shall be the custodian or custodians of the funds derived from income received from said works, and shall give proper bond or bonds for the faithful discharge of his or its or their duties as such custodian or custodians, which bond or bonds shall be fixed and approved by the governing body or bodies. All of the funds received as income from said works under the provisions of this article and all funds received from the sale of revenue bonds issued therefor shall be kept separate and apart from other funds of the municipality or municipalities, and separate accounts shall be maintained for the several items required to be set up by the provisions of section seventeen [§ 18-16-17] of this article. (1935, c. 68, § 19; 1969, c. 86.)

Applied in State ex rel. City of Charleston v. Hutchinson, 154 W. Va. 585, 176 S.E.2d 691 (1970).

Stated in City of Fairmont v. Investors Syndicate of Am., Inc., 172 W. Va. 431, 307 S.E.2d 467 (1983).

PART VIII. RATES OR CHARGES FOR MUNICIPALITIES.

§ 8-16-21. Municipality or municipalities to pay established rates or charges for services rendered to it or them.

The municipality or municipalities issuing such bonds shall be subject to the same rates or charges established as hereinbefore provided, or to rates or charges established in harmony therewith, for service rendered to the municipality or municipalities and shall pay such rates or charges, when due, from corporate funds, and the same shall be deemed to be a part of the revenues of the works as herein defined, and may be applied as herein provided for the application of such revenue. (1935, c. 68, § 20; 1969, c. 86.)

PART IX. LIENS AND PROTECTION OF BONDHOLDERS.

§ 8-16-22. Statutory mortgage lien upon works created.

There shall be and there is hereby created and granted a statutory mortgage lien upon such municipal public works constructed, reconstructed, established, acquired, improved, renovated, extended, enlarged, increased, equipped or repaired (including replacements) under the provisions of this article, which shall exist in favor of the holder of said bonds, and each of them, and to and in favor of the holder of the coupons attached to said bonds, and such municipal public works shall remain subject to such statutory mortgage lien until payment in full of the principal of and interest upon said bonds. (1935, c. 68, § 22; 1969, c. 86.)

Ordinance held valid. — A provision in an ordinance, authorizing the issuance of a series of revenue bonds under this article for the completion of a hospital building owned by the city, which bonds are made a "statutory mortgage lien" on the hospital when completed and on the equipment and future additions thereto, and which provision pledges all of the net profits therefrom for the payment of the bonds and interest thereon, is valid under the provisions of this section. Warden v. City of Grafton, 125 W. Va. 658, 26 S.E.2d 1 (1943).

§ 8-16-23. Acquisition of property on which lien exists.

No property shall be acquired under the provisions of this article upon which any lien or other encumbrance exists, unless at the time such property is acquired a sufficient sum of money be deposited in trust to pay and redeem such lien or encumbrance in full. (1935, c. 68, § 23; 1969, c. 86.)

§ 8-16-24. Protection and enforcement of rights of bondholders, etc.; receivership; effect of receivership on lease agreement.

Any holder of any such bonds, or any of the coupons attached thereto, and the trustee, if any, except to the extent that the rights herein given may be restricted by the ordinance authorizing the issuance of the bonds or by the trust indenture, may by civil action, mandamus or other proper proceeding enforce the statutory mortgage lien created and granted in section twenty-two [§ 8-16-22] of this article, protect and enforce any and all rights granted hereunder or under any such ordinance or trust indenture, and may enforce and compel performance of all duties required by the provisions of this article or by any such ordinance or trust indenture to be performed by the municipality or municipalities, or by the board or any officer, including the making and collecting of reasonable and sufficient rates or charges for services rendered by the works. If there be default in the payment of the principal of or interest upon any of the bonds, or of both principal and interest, any court having jurisdiction shall appoint a receiver to administer the works on behalf of the municipality or municipalities, and the bondholders or trustee, or both, except as so restricted, with power to charge and collect rates or charges sufficient to provide for the payment of the expenses of repair (including replacements), maintenance and operation, and also to pay any bonds and

interest outstanding, and to apply the income or other revenue in conformity with this article, and the said ordinance or trust indenture, or both, and the power herein provided for the appointment of a receiver and the administration by the court of the works on behalf of the municipality or municipalities, and the bondholders or trustee, or both, shall apply to cases where such works are operated by a lessee of the municipality or municipalities as well as to cases where works are operated by the municipality or municipalities. In case a receiver is appointed for works operated by a lessee of a municipality or municipalities, the lease agreement then existing between the municipality or municipalities and the lessee ipso facto thereby shall be terminated and all property, equipment, bills receivable and assets of every kind, used in connection with the operation of such works, shall pass to the receiver and upon the termination of such receivership, such works, equipment, property, bills receivable and assets of every kind then in the hands of the receiver thereupon shall pass to the municipality or municipalities. (1935, c. 68, § 24; 1937, c. 55; 1969, c. 86.)

Rules of Civil Procedure. — As to receivers, see Rule 66.

Mandamus. — Under the provisions of this section, mandamus is a proper remedy to be pursued by the holder of a municipal revenue bond to enforce the performance of the duties imposed upon the city by this article, the duties of the city council in discharging such obligations being administrative and not legislative. State ex rel. Klostermeyer v. City of Charleston, 130 W. Va. 490, 45 S.E.2d 7 (1947).

A default in the payment of interest charges or principal of bonds issued under this article is not first required before mandamus lies under this section to compel performance of duties imposed upon city issuing such bonds. State ex rel. Klostermeyer v. City of Charleston, 130 W. Va. 490, 45 S.E.2d 7 (1947).

PART X. CONSTRUCTION; EXTRATERRITORIAL JURISDICTION.

§ 8-16-25. Article confers additional power and authority; extraterritorial jurisdiction.

The power and authority herein granted shall be in addition to and not in derogation of any power and authority vested in any municipality under any constitutional, statutory or charter provisions which may now or hereafter be in effect. For all purposes of this article, municipalities shall have jurisdiction for ten miles outside of the corporate limits thereof, except where such zone would overlap with the zone of another municipality, in which event the meridian line of the overlapping zone shall be the dividing line of their respective jurisdictions, except that one municipality shall have jurisdiction within such ten-mile zone and may overlap into the zone of another municipality or municipalities with the consent thereof. (1935, c. 68, § 25; 1949, c. 86; 1969, c. 86.)

Construction. — This section clearly means that no part of this article shall operate to limit, restrict, modify or repeal any authority which a municipality had from any other source. Warden v. City of Grafton, 125 W. Va. 658, 26 S.E.2d 1 (1943).

§ 8-16-26. Construction of power and authority conferred.

This article shall, without reference to any other statute or charter provision, be deemed full authority for the construction, reconstruction, establishment, acquisition, improvement, renovation, extension, enlargement, increase, equipment, repair (including replacements), maintenance and operation of the works herein provided for, and for the issuance and sale of the bonds by this article authorized, and shall be construed as an additional alternative method therefor, and for the financing thereof, and no petition or other or further proceeding in respect to any such project, or to the issuance or sale of bonds under this article, and no publication of any ordinance, notice or proceeding relating to any such project, or to the issuance or sale of such bonds shall be required, except such as are prescribed in this article, any provisions of other statutes of the State to the contrary notwithstanding. (1935, c. 68, § 26; 1969, c. 86.)

§ 8-16-27. Article liberally construed.

This article being necessary for the public health, safety and welfare shall be liberally construed to effectuate the purposes thereof. (1935, c. 68, § 27; 1969, c. 86.)

Legislative intent. — It is evident that the legislature, in enacting this chapter as a measure to promote public health, safety and welfare, intended it to have broad scope and wide application to public improvements beneficial to the public health, safety and welfare of municipalities in all sections of the State. State ex rel. Holbert v. Robinson, 134 W. Va. 524, 59 S.E.2d 884 (1950). See also State ex rel. Bibb v. Chambers, 138 W. Va. 701, 77 S.E.2d 297 (1953).

§ 8-16-28. Reference to "municipal authorities" or "municipal authority" elsewhere in law to mean "governing body" for the purposes of this article only.

In elaboration of the provisions of section eight [§ 8-1-8], article one of this chapter, wherever in this code, in any act, in general law, elsewhere in law, in any charter, in any ordinance, resolution or order, or in any ordinance, resolution or order of a county court [county commission], reference is made to the term "municipal authorities" or "municipal authority" within the meaning of the provisions of former article four-a of this chapter, such reference shall henceforth be read, construed and understood to mean "governing body" as that term is used in this article sixteen [§ 8-16-1 et seq.] only. (1969, c. 86.)

Editor's notes. — The bracketed words were inserted by the editor. See W. Va. Const., art. IX, § 9.

W. Va. Law Review. — Dobbs and Joslin, Bankruptcy Preference Concerns in Industrial Development Bond Financing, 84 W. Va. L. Rev. 573 (1982).

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(3) All firefighters engaged in interior structural firefighting use an SCBA.

(d) Nothing in this section is meant to preclude:

(1) The assignment of one of the firefighters located outside the IDLH atmosphere to an additional role, such as incident commander in charge, emergency officer or safety officer, so long as this firefighter is able to perform assistance or rescue activities without jeopardizing the safety or health of any firefighter working in the IDLH atmosphere; and

(2) The performance of emergency rescue activities by firefighters before an entire team has assembled. (1999, c. 128.)

Effective dates. — Acts 1999, c. 128 provided that the act take effect ninety days from passage (March 11, 1999).

PART IV. CIVIL SERVICE FOR PAID FIRE DEPARTMENTS.

§ 8-15-11. Qualifications for appointment or promotion to positions in paid fire departments to be ascertained by examination; provisions exclusive as to appointments, etc.; rights of certain chiefs; "appointing officer" defined.

Cited in Horton v. South Charleston Fire Civil Serv. Comm'n, 497 S.E.2d 354 (W. Va. 1997).

§ 8-15-15. Powers, authority and duties of firemen's civil service commission.

Cited in Horton v. South Charleston Fire Civil Serv. Comm'n, 497 S.E.2d 354 (W. Va. 1997).

§ 8-15-16. Rules for all examinations; probationary appointments.

Quoted in Horton v. South Charleston Fire Civil Serv. Comm'n, 497 S.E.2d 354 (W. Va. 1997).

§ 8-15-18. Character and notice of competitive examinations; qualifications of applicants; press representatives; posting eligible list; medical examinations.

Quoted in Horton v. South Charleston Fire Civil Serv. Comm'n, 497 S.E.2d 354 (W. Va. 1997).

§ 8-15-19. Refusal to examine or certify; review thereof.

Writ of mandamus. — Determination of eligibility for appointment as a fireman is not subject to judicial review; thus, where applicant passed the physical examination, but the psychological examination was unsatisfactory, request for writ of mandamus was properly denied. Horton v. South Charleston Fire Civil Serv. Comm'n, 497 S.E.2d 354 (W. Va. 1997).

§ 8-15-22. Vacancies filled by promotions; eligibility for promotion.

Vacancies in positions in a paid fire department shall be filled, so far as practicable, by promotions from among individuals holding positions in the next lower grade in the department. Promotions shall be based upon experience and by competitive examinations to be provided by the firemen's civil service commission: Provided, That no individual shall be eligible for promotion from the lower grade to the next higher grade until such individual shall have completed at least two years of continuous service in the next lower grade in the department immediately prior to said examination and has completed the registered apprenticeship and certification program under article twenty-nine-a [§ 30-29A-1 et seq.], chapter thirty of this code: Provided, however, That completion of the registered apprenticeship and certification program as a requirement for promotion shall apply only to those firefighters employed since the twelfth day of June, one thousand nine hundred eighty-seven. The commission shall have the power to determine in each instance whether an increase in salary constitutes a promotion. (1933, c. 60; 1949, c. 88; 1969, c. 86; 1986, c. 117; 1991, c. 111; 1998, c. 153.)

Effect of amendment of 1998. — The amendment, effective June 11, 1998, added "and has completed the registered apprenticeship and certification program under article twenty-nine-a, chapter thirty of this code: Provided, That completion of the registered apprenticeship and certification program as a requirement for promotion shall apply only to those firefighters employed since the twelfth day of June, one thousand nine hundred eighty-seven."

ARTICLE 16.

MUNICIPAL PUBLIC WORKS; REVENUE BOND FINANCING.

Part III. General Powers and Authority.

Sec.
8-16-5. Powers of board.

PART III. GENERAL POWERS AND AUTHORITY.

§ 8-16-5. Powers of board.

The board shall have plenary power and authority to take all steps and proceedings, and to make and enter into all contracts or agreements necessary, appropriate, useful, convenient or incidental to the performance of its duties and the execution of its powers and authority under this article: Provided, That

any contract or agreement relating to the financing, or the construction, reconstruction, establishment, acquisition, improvement, renovation, extension, enlargement, increase or equipment of any such works, and any trust indenture with respect thereto as hereafter provided for, shall be approved by the governing body or bodies.

The board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys and such other employees as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the board may direct. All such compensation and expenses incurred in carrying out the provisions of this article shall be paid solely from funds provided under the authority of this article, and the board shall not exercise or carry out any power or authority herein given it so as to bind said board or any municipality beyond the extent to which money shall have been, or may be provided under the authority of this article. No contract or agreement with any contractor or contractors for labor or materials, or both, exceeding in amount the sum of ten thousand dollars shall be made without advertising for bids, which bids shall be publicly opened and an award made to the lowest responsible bidder, with power and authority in the board to reject any and all bids. After the construction, reconstruction, establishment, acquisition, renovation or equipment of any such works, the board shall maintain, operate, manage and control the same, and may order and complete any improvements, extensions, enlargements, increase or repair (including replacements) of and to the works that the board may deem expedient, if funds therefor be available, or are made available, as provided in this article, and shall establish rules for the use, maintenance and operation of the works, and do all things necessary or expedient for the successful operation thereof. All public ways or public works damaged or destroyed by the board in carrying out its authority under this article shall be restored or repaired by the board and placed in their original condition, as nearly as practicable, if requested so to do by proper authority, out of the funds provided under the authority of this article. (1935, c. 68, § 4; 1969, c. 86; 1998, c. 214.)

Effect of amendment of 1998. — The amendment, effective June 12, 1998, in the second paragraph, substituted "ten thousand dollars" for "one thousand dollars" and deleted "and regulations" following "shall establish rules."

ARTICLE 18.

ASSESSMENTS TO IMPROVE STREETS, SIDEWALKS AND SEWERS; SEWER CONNECTIONS AND BOARD OF HEALTH; ENFORCEMENT OF DUTY TO PAY FOR SERVICE.

Part XII. Connection to Sewers; Board of Health; Enforcement of Duty to Pay for Service.

Sec.
8-18-22. Connection to sewers; board of health; penalty.

PART XII. CONNECTION TO SEWERS; BOARD OF HEALTH; ENFORCEMENT OF DUTY TO PAY FOR SERVICE.

§ 8-18-22. Connection to sewers; board of health; penalty.

The owner or owners of any lot or parcel of land abutting on any street, alley, public way or easement on which a municipal sewer is now located or may hereafter be constructed and laid (whether constructed and laid under the provisions of this article or any other provisions of law) upon which lot or parcel of land any business or residence building is now located or may hereafter be erected, not connected with a public sewer, may be required and compelled by the municipality or by the board of health to connect any such building with such sewer. Notice so to connect shall be given by the municipality or by the board of health to the owner and to the lessee or occupant of such building. Each day's failure to comply with such notice and connect with such sewer by such owner or owners, after thirty days from the receipt of such notice, shall be a misdemeanor and a separate and new offense under this section, and each such offense shall be punishable by a fine of not less than five nor more than twenty-five dollars. Jurisdiction to hear, try, determine and sentence for any violation of this section is hereby vested in the police or municipal court thereof when the lot or parcel of land is within the municipality, or, where no police court or municipal court exists, in the mayor thereof: Provided, That if said lot or parcel is located outside of the municipality, then jurisdiction shall be vested in the circuit court of the county wherein the lot or parcel is situated. (1908, c. 8, § 3; Code 1923, c. 47, § 49c(3); 1969, c. 86; 1989, c. 133; 1999, c. 202.)

Effect of amendment of 1999. — The amendment, effective June 8, 1999, in the first sentence, deleted "in any municipality" following "public way or easement" and substituted "municipal sewer" for "public sewer," and in the last sentence, inserted "when the lot or parcel of land is within the municipality," inserted "or municipal court," and added the proviso at the end.

State of West Virginia

Certificate

I, Ken Hechler, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 18B, ARTICLE 1 OF THE WEST VIRGINIA CODE, AND CHAPTER 18B, ARTICLE 1 OF THE 1999 CUMULATIVE SUPPLEMENT TO THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on

January 21, 2000

Ken Hechler

Secretary of State

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CHAPTER 18B.

HIGHER EDUCATION.

Article
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W. Va. Law Review. — Student Work, "The AALS Sexual Orientation Policy: The Argument Against Barring Military Recruiters from Law School Campuses," 95 W. Va. L. Rev. 163 (1992).

ARTICLE 1.

GOVERNANCE.

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§ 18B-1-1. Legislative purpose; creation of governing boards.

The purpose of the Legislature in the enactment of this article is to establish a governance structure for the state institutions of higher education consisting of a board to govern the University of West Virginia system, designated the "University of West Virginia Board of Trustees," and a board to govern the state college system, designated the "Board of Directors of The State College System."

In furtherance of this purpose, there are hereby created two governing boards to be known as the university of West Virginia board of trustees, and the board of directors of the state college system, which shall be corporations and as such may contract and be contracted with, plead and be impleaded, sue and be sued, and have and use common seals. (1989, c. 64.)

Cited in Graf v. West Va. Univ., 189 W. Va. 214, 429 S.E.2d 496 (1992).

§ 18B-1-1a. Goals for post-secondary education.

(a) *Findings and directives.* — The Legislature finds that higher education is a vital force in the future of West Virginia. For the state to realize its considerable potential in the twenty-first century, West Virginia should invest in its people through a strong and dynamic higher education system.

The Legislature further finds that the people of West Virginia have demonstrated their support for this finding through their involvement and comments at meetings held throughout the state pursuant to Senate Concurrent Resolution No. 30 adopted at the regular session of the West Virginia Legislature, one thousand nine hundred ninety-two. The Legislature, also, endorses the report submitted by the higher education advocacy team pursuant to said resolution and directs the affected educational agencies to implement unified strategies for accomplishing the needed improvements.

(b) *Goals and objectives.* — In the pursuance of the above findings, the following goals and objectives are hereby adopted with respect to the investments which are necessary for higher education in West Virginia to contribute fully to the growth, development and quality of life of the state and its citizens:

(1) Students should be better prepared in high school to meet college standards jointly agreed upon by higher education and the public schools as required under subsection (c), section five [§ 18B-1-5(c)] of this article. Those standards should be conveyed to students prior to entering tenth grade;

(2) More students should obtain education that is both high quality and relevant, beyond the high school level for our individual and collective economic development:

(A) The awareness of post-secondary educational opportunities among the state's citizens should be expanded and their motivation to take advantage of available opportunities should be enhanced;

(B) Assistance in overcoming the financial barriers to post-secondary education should be provided;

(C) A student-friendly environment should be created within post-secondary education to encourage and expand participation for the increasingly diverse student population;

(D) All West Virginians, whether traditional or nontraditional students, displaced workers or those currently employed should have access to post-secondary educational opportunities through their community and technical colleges, colleges and universities which is relevant, affordable, allows them to gain transferrable credits and associate or higher level degrees, provides quality technical education and skill training, and is responsive to business, industry, labor and community needs;

(E) The development of entrepreneurial skills through such programs as the rural entrepreneurialship through action learning (REAL) should be encouraged, including skills assessment, needs analysis and business plan development; and

(F) More opportunities should be available for advanced high school students to obtain college credit prior to high school graduation;

(3) Students should be prepared to practice good citizenship to compete in a global economy in which the good jobs will require an advanced education and level of skill which far surpasses former requirements:

(A) Academic preparation should be improved to ensure that students enrolling in programs of post-secondary education are adequately prepared to be successful in their selected fields of study and career plans;

(B) College graduates should meet or exceed national and international standards for skill levels in reading, oral and written communications, mathematics, critical thinking, science and technology, research and human relations;

(C) College graduates should meet or exceed national and international standards for performance in their fields through national accreditation of programs and through outcomes assessment of graduates;

(D) The faculties in higher education should include elements of citizenship development across the curriculum in core areas, including practical applications such as community service, civic involvement and participation in charitable organizations or in the many opportunities for the responsible exercise of citizenship that higher education institutions provide;

(4) Resources should be focused on programs and courses which offer the greatest opportunities for students and the greatest opportunity for job creation and retention in the state:

(A) An entrepreneurial spirit and flexibility should be created within higher education to respond to the needs of the current work force and other nontraditional students for college-level skills upgrading and retraining;

(B) A focus should be created on programs supportive of West Virginia employment opportunities and the emerging high technology industries;

(C) Closer linkages should be established among higher education and business, labor, government, community and economic development organizations;

(5) Resources should be used to their maximum potential and faculty and technology should be combined in a way that makes West Virginia higher education more productive than similar institutions in other states:

(A) Institutional missions should be clarified and resources should be shifted to programs which meet the current and future work force needs of the state;

(B) Program duplication necessary for geographic access should be determined and unnecessary duplication should be eliminated;

(C) Systematic ongoing mechanisms should be established for each state institution of higher education to set goals, measure the extent to which those goals are met and use results of quantitative evaluation processes to improve institutional effectiveness;

(D) Institutional productivity and administrative efficiency standards should be established to ensure that state institutions of higher education are more productive and efficient than similar institutions in other states; and

(6) The compensation of faculty, staff and administrators should be established at competitive levels to attract and keep quality personnel at state institutions of higher education:

(A) Faculty and staff classification and compensation at state institutions of higher education should be competitive with relevant market levels;

(B) Available revenues should be distributed in an equitable fashion which enables each state institution of higher education to fulfill its mission and reward its employees appropriately; and

(C) It is the goal for post-secondary education to move faculty salaries to one hundred percent of peer averages. As part of this long-term strategy the state should make every effort to provide funds to assist the institutions in moving to that goal. (1993, c. 47; 1995, c. 99.)

§ 18B-1-1b. Implementation of findings, directives, goals and objectives.

The governing boards shall develop a plan for implementation of the legislative findings, directives, goals and objectives set forth in section one-a [§ 18B-1-1a] of this article, including benchmarks to ensure accountability in achieving said findings, directives, goals and objectives, in consultation with the secretary of education and the arts, the president of the state board of

education, the president of the West Virginia association of private colleges, the president of the joint commission for vocational-technical-occupational education and the president of the West Virginia economic development council. A written report of the plan required by this section, including the plans required of the state institutions of higher education pursuant to section one-c [§ 18B-1-1c] of this article and any resource allocation exceptions granted thereunder, shall be submitted to the governor and the legislative oversight commission on education accountability by the first day of December, one thousand nine hundred ninety-five, and thereafter. Progress toward achieving said goals and objectives shall be reported in the higher education report card required pursuant to section eight-a [§ 18B-1-8a] of this article. The secretary shall conduct an ongoing review of the plans submitted by the governing boards and the strategic plans submitted by the institutions and shall annually report to the Legislature his or her opinion as to the progress of the governing boards and institutions in accomplishing the goals and objectives set forth in the plan. The secretary shall also report to the Legislature any plans which do not, in the opinion of the secretary, set appropriate goals and objectives and any institutions which are not in compliance with their plan. (1993, c. 47; 1995, c. 99.)

§ 18B-1-1c. Strategically focusing resources to maximize opportunity; institution plans; resource allocation exceptions.

(a) *Purpose of strategic plans.* — To achieve the goals for post-secondary education as set forth in section one-a [§ 18B-1-1a] of this article, each of the following state institutions of higher education shall prepare a strategic plan of change to refocus its mission and leadership, and restructure its existing resources and programs: Bluefield state college; Concord college; Glenville state college; Fairmont state college; Marshall university; West Virginia northern community college; Potomac state college of West Virginia university; Shepherd college; southern West Virginia community college; West Liberty state college; the West Virginia graduate college; West Virginia university institute of technology; West Virginia university at Parkersburg; West Virginia school of osteopathic medicine; West Virginia state college; West Virginia university; and all branch campuses of these institutions of higher education. The plans shall specifically state how the institution will, over a five-year period, refocus its mission and leadership and restructure its existing resources and programs to achieve the goals for post-secondary education including, but not limited to, the following: (1) Increase average faculty salaries at the institution, not including health sciences, to a level at least equal to ninety-five percent of the average faculty salaries at peer institutions in the southern regional education board region: Provided, That West Virginia university, excluding West Virginia university at Parkersburg, Potomac state college of West Virginia university and West Virginia university institute of technology shall state specifically how it will increase average faculty salaries at that institution, not including health sciences, to a level at least equal to

ninety percent of the average faculty salaries at peer institutions in the southern regional education board region; (2) achieve full funding of the uniform employee classification system and salary policy for classified employees adopted by the respective governing boards pursuant to section four, article nine of this chapter; (3) eliminate duplicative programs and services, acting alone or in conjunction with another institution, and eliminate under-utilized or unnecessary programs; (4) may combine administrative functions among other institutions; and (5) use admission and exit standards for students, incentives and staff development for assuring quality teaching and learning and the critical assessment of programs to meet the goals. The plan shall also state the manner in which any pay increases will be funded, the sources of any funds used for pay increases, and the savings and costs associated with achieving any other goals specified in the plan and how the funds are to be redirected. The faculty senate, classified staff council and the student government association shall be consulted prior to the submission of the plan and their recommendations included in the president's report to the board. Beginning the first day of July, one thousand nine hundred ninety-six, the budgets of state institutions of higher education shall reflect movement to the salary targets for faculty and classified staff as set forth in this section and any other goals specified in their strategic plan for change.

(b) *Submission of strategic plans.* — The president or administrative head of each state institution of higher education shall submit the plan for the institution to its respective governing board on or before the first day of November, one thousand nine hundred ninety-five, and every year thereafter, through and including the fiscal year two thousand—two thousand one: Provided, That community and technical college education shall not be required to be segregated in the plan until the first day of November, one thousand nine hundred ninety-six.

(c) *Approval of strategic plans by the governing boards.* — The governing boards shall approve or disapprove the plans within sixty days of receipt of the plans and notify the institution president or administrative head of its decision. Approval or disapproval of the plan of each institution shall be decided by a vote of the appropriate governing board and shall be made part of its minute record: Provided, That if the plan submitted by the institution includes retirement and separation incentives pursuant to section one-d [§ 18B-1-1d] of this article, that portion of the plan shall be submitted by the governing board to the legislative joint standing committee on pensions and retirement, and the time required for review by the committee shall not be included in the sixty days.

(d) *Approval of original strategic plans by the secretary of education and the arts.* — Once the appropriate governing board approves the original plan, for the fiscal year beginning the first day of July, one thousand nine hundred ninety-six, it shall submit the plan to the secretary of education and the arts, as established in section two [§ 5F-1-2], article one, chapter five-f of this code, and hereby known as the "secretary" for purposes of this section, for approval or disapproval. The secretary shall approve or disapprove the plan and notify the appropriate governing board of the decision within thirty calendar days.

Upon such approval the institution shall receive its share of the funds from the "higher education efficiency fund", pursuant to subsection (j) of this section. If an original plan from any institution is disapproved by the secretary, the secretary shall notify the appropriate governing board and shall return the plan to the institution for revision and resubmission to the appropriate governing board. When an institution resubmits its original strategic plan to the appropriate governing board, the board shall vote to approve or disapprove the plan pursuant to subsection (c) of this section. Once the original plan has been approved by the appropriate governing board, the governing board shall resubmit the plan to the secretary for approval or disapproval. The secretary shall notify the appropriate governing board within twenty calendar days of his or her action. Upon such approval the institution shall receive its share of the funds from the "higher education efficiency fund", pursuant to subsection (j) of this section.

(e) *Disapproval of strategic plans by the governing boards.* — If disapproved, the governing board shall return the plan to the institution president or administrative head stating its reasons for disapproval. The institution president or administrative head may modify and resubmit a plan which was disapproved at any time and the governing board shall vote, in accordance with subsection (c) of this section, to approve or disapprove the resubmitted plan within thirty calendar days and notify the institution president or administrative head. If the plan has not been approved by the appropriate governing board on or before the first day of February following the November submission date, the board is authorized to develop a plan for the institution. The president or administrative head of every state institution of higher education with an approved plan shall update the plan on an annual basis to reflect performance during the preceding year and make any necessary modifications. The updated plan shall be submitted on the first day of November in each of the subsequent years through and including the fiscal year two thousand—two thousand one, and the governing board shall follow the same procedures for approval or disapproval as provided in this section for the original plan. Upon the approval of a plan or plan update which includes the elimination of a program, the institution president or administrative head immediately shall notify affected students, faculty and staff.

(f) *Exceptions under the resource allocation model and policies.* — Any state institution of higher education with an approved plan may apply to its governing board for an exception under the resource allocation model and policies to retain funding for student enrollments that decline due to planned program reductions or elimination under the strategic plan. The number of student enrollments subject to the exception shall be based on the average full-time equivalent enrollments over the five preceding years in the program. The allocation exception shall become effective in the next ensuing allocation cycle following approval by the governing board and notification of affected faculty, students and staff of the program reduction or elimination, and shall remain effective for the number of years normally required for students to complete the full program from beginning enrollment to graduation, subject to annual review by the governing board of the actual decline in program

enrollments. Notwithstanding any other provision of this section, any program suspended or discontinued by action of the governing board on or after the first day of September, one thousand nine hundred ninety-four, and prior to the eleventh day of March, one thousand nine hundred ninety-five, which is being eliminated pursuant to that action, is eligible for an exception under the resource allocation model and policies pursuant to this section for the fiscal year one thousand nine hundred ninety-six.

(g) Any state institution of higher education with an approved plan may apply to its governing board for an exception under the resource allocation model and policies to retain funding for student enrollments that decline due to the planned reductions for the purpose of enhancing the quality of a particular program. The number of student enrollments subject to the exception shall be based on the average full-time equivalent enrollments over the preceding five years in the program. Money allocated to the institution as a result of this exception shall be used to enhance the quality of that particular program. The allocation exception shall become effective in the next ensuing allocation cycle following approval by the governing board and notification of affected faculty, students and staff of the program reduction and shall remain in effect subject to biennial review by the governing board of the actual decline in program enrollments and enhancements in quality of the program.

(h) The application for an exception under this subsection shall be submitted to the appropriate governing board by the institution president or administrative head and state how the funds will be redirected to achieve the purposes of the institution's approved plan including, but not limited to, salary increases to attract and retain quality faculty and staff, expand and improve the quality of existing programs, and make additional investments in technology and increased access. The governing board shall approve or disapprove the application within sixty days of receipt and if disapproved, shall return the application to the institution president or administrative head stating the reasons for disapproval. The institution president or administrative head may modify and resubmit an application which was disapproved at any time and the governing board shall approve or disapprove the resubmitted application within sixty days and notify the institution president or administrative head as provided in this subsection for the original plan.

(i) An exception to the resource allocation model and policies granted under this section and any differential approved for an institution by its governing board to reflect the high costs of a program within the institution's mission shall be removed from the institutions base budget and, to the extent included therein, from the indicated level of state support for the purposes of subsection (d), section two [§ 18B-5-2(d)], article five of this chapter, and any governing board rule to the contrary is hereby specifically modified.

(j) *Higher education efficiency fund.* — It is the expressed intent of the Legislature, subject to the availability of funds and appropriations therefor, to increase state appropriated funds for state institutions of higher education in each of the five fiscal years, one thousand nine hundred ninety-seven, through and including, fiscal year two thousand—two thousand one, at a rate of at least three and twenty-five one-hundredths percent per year to assist the institutions in achieving their strategic plan of change, subject to demonstrated effort by the institutions as determined by the Legislature to refocus and restructure their missions, leadership, resources and programs to meet the plans in accordance with this section. In any fiscal year in which the state appropriated funds are less than the expressed intent, the governing boards may adjust the targets set forth in the strategic plans for change by a like proportion: Provided, That the target shall not be adjusted for those institutions which have lost funds as a result of failure to secure approval, pursuant to this section, or failure to comply with their approved strategic plans. Beginning with legislative appropriations under this subsection for the fiscal year one thousand nine hundred ninety-six—ninety-seven, the Legislature shall appropriate the funds, if any, to a separate account known as the "higher education efficiency fund" in the state budget. Funds from the higher education efficiency fund shall be allocated in the following manner:

(1) For the fiscal year one thousand nine hundred ninety-six—ninety-seven, appropriations to the fund shall be allocated only to institutions with approved plans, pursuant to this section; and

(2) For the fiscal year one thousand nine hundred ninety-seven—ninety-eight, and every year through and including the fiscal year two thousand—two thousand one, appropriations to the fund shall be allocated only to institutions with approved plans, pursuant to this section, which are in compliance with their strategic plan for change as approved by the appropriate governing board. The allocations shall be made in accordance with the resource allocation model and policies in the following manner:

(i) Any institution with a plan approved by the appropriate governing board by the first day of July of each fiscal year is entitled to its full annual share of the moneys appropriated to the higher education efficiency fund;

(ii) Any institution which fails to secure approval by the appropriate governing board by the first day of July, but secures the approval before the first day of October, is entitled to the remaining three quarters of its annual share of the moneys appropriated to the higher education efficiency fund;

(iii) Any institution which fails to secure approval by the appropriate governing board by the first day of July, but secures approval before the first day of January, is entitled to the remaining one half of its annual share of the moneys appropriated to the higher education efficiency fund; and

(iv) Any institution which fails to secure approval by the appropriate governing board by the first day of July, but secures approval before the first day of April, is entitled to the remaining one quarter of its annual share of the moneys appropriated to the higher education efficiency fund.

The quarterly share of the higher education efficiency fund of an institution which is not so allocated, by the beginning of each quarter, shall be allocated immediately to the higher education grant program, pursuant to article five [§ 18C-5-1 et seq.], chapter eighteen-c of this code, or if such program is fully funded, for expenditure among all institutions for scholarships and student grant programs. (1995, c. 99; 1996, c. 119.)

Cross references. — Control of the financial, business and all other affairs of state educational institutions by the state board of education, § 18-2-13a.

Effect of amendment of 1996. — The amendment, effective March 9, 1996, rewrote the section.

§ 18B-1-1d. Increasing flexibility and capacity for change.

(a) *Retirement and separation incentives.* — Notwithstanding any other provisions of this code to the contrary, each state institution of higher education may include in their strategic plans, pursuant to section one-c [§ 18B-1-1c] of this article, policies that offer various incentives for voluntary, early or phased retirement of employees, or voluntary separation from employment, when necessary to implement programmatic changes effectively pursuant to the findings, directives, goals and objectives of this article: Provided, That such incentives for voluntary, early or phased retirement of employees, or voluntary separation from employment must be submitted by the governing board to the legislative joint committee on pensions and retirement and approved before such policies are adopted as part of the institution's strategic plan. The policies may include the following provisions:

(1) Payment of a lump sum to an employee to resign or retire;

(2) Continuation of full salary to an employee for a predetermined period of time prior to the employee's resignation or retirement and a reduction in the employee's hours of employment during the predetermined period of time;

(3) Continuation of insurance coverage pursuant to the provisions of article sixteen [§ 5-16-1 et seq.], chapter five of this code for a predetermined period;

(4) Continuation of full employer contributions to an employee's retirement plan during a phased retirement period; and

(5) That an employee retiring pursuant to an early or phased retirement plan may begin collecting an annuity from the employee's retirement plan prior to the statutorily designated retirement date without terminating their service with the institution.

No incentive provided for in this section shall be granted except in furtherance of programmatic changes undertaken pursuant to the findings, directives, goals and objectives set forth in this article.

No incentive proposed by an institution pursuant to this section shall become a part of the institution's approved strategic plan or be implemented without approval of the legislative joint committee on pensions and retirement.

Any costs associated with any incentive adopted or implemented in accordance with this section shall be borne entirely by the institutions and no incentive shall be granted that imposes costs on the retirement systems of the state or the public employees insurance agency unless those costs are paid entirely by the institutions.

The Legislature further finds and declares that there is a compelling state interest in restricting the availability and application of these incentives to individual employees determined by the institutions to be in furtherance of the aims of this section and nothing herein shall be interpreted as granting a right or entitlement of any such incentive to any individual or group of individuals. Any employee granted incentives shall be ineligible for reemployment by the

institutions during or after the negotiated period of their incentive concludes including contract employment in excess of five thousand dollars per fiscal year.

The West Virginia network for educational telecomputing may utilize the incentives contained in any policy approved by the legislative joint committee on pensions and retirement pursuant to this section.

(b) *Pilot flexibility initiative.* — The board of directors is directed to submit a plan for a pilot flexibility initiative to the legislative oversight commission on education accountability on or before the first day of October, one thousand nine hundred ninety-five. The plan shall include at least the following: (1) A system whereby the state institutions of higher education in the state college system may apply to the board of directors for a waiver of board policies and rules; (2) a detailed application for institutions seeking to participate in the pilot flexibility initiative which shall set forth at a minimum: (i) A statement of the specific goals and objectives that the institution proposes to accomplish if the application is approved; (ii) the specific board policies and rules which the institution seeks to have waived for all or a portion of the waiver period; and (iii) proposed rules and policies under which the institution would operate during the period of waiver; (3) the process by which the board of directors will review the application; (4) the person or body who shall have the final authority to approve the application of not more than two institutions; (5) the time period for which the waiver will be granted; (6) the specific board policies and rules which the institution may request to have waived; (7) the process by which the rules and policies of the institutions participating in the pilot flexibility initiative may modify its rules and policies; and (8) the person or body to whom the institutions shall be reporting during the period of waiver.

(c) It is the intent of this Legislature to review the pilot flexibility plan and after such review to establish a pilot flexibility initiative in the legislative session of one thousand nine hundred ninety-six. (1995, c. 99; 1996, c. 119.)

Effect of amendment of 1996. — The amendment, effective March 9, 1996, added the last paragraph of (a).

§ 18B-1-1e. Public education and higher education collaboration for the preparation of students for college and other post-secondary education.

(a) *Purpose.* — The purpose of this section is as follows:

(1) To assist students in the planning and preparation for success in college and other post-secondary education if their education major interests require such formal education after high school;

(2) To establish the minimum expected level of knowledge, skill and competency a student must possess to be prepared fully for college and other post-secondary education at state institutions of higher education;

(3) To implement a method for communicating the minimum level of knowledge, skill and competency to students, parents, educators and counsel-

ors in the public schools, and admissions officers, advisors and faculty in the higher education institutions; and

(4) To assure that the teacher preparation programs in state institutions of higher education prepare educators to, at a minimum, deliver instruction necessary to prepare students fully for college and other post-secondary education or gainful employment consistent with the provisions of section eight [§ 18-2E-8], article two-e, chapter eighteen of this code.

(b) *Joint rule.* — On or before the first day of October, one thousand nine hundred ninety-six, the higher education governing boards shall promulgate a joint rule to achieve the purposes of subsection (a) of this section. In the development of such rule, the governing boards shall consult with the state board and the jobs through education employer panel, established pursuant to section eight, article two-e, chapter eighteen of this code, and shall collaborate with the state board in the establishment of compatible practices within their separate systems.

(c) *Assessment of student readiness.* — To provide continuous assessment and program improvement in the preparation of high school students for success in college or other post-secondary education, the higher education governing boards shall communicate to the state board and the legislative oversight commission on education accountability by the first day of December in each year, beginning in December, one thousand nine hundred ninety-seven, or as soon thereafter as the establishment of an electronic portfolio system permits, the number of graduates from the public schools in the state by high schools who were accepted in the last calendar year for enrollment at each of the state institutions of higher education within one year of graduation, whose electronic portfolio indicated readiness for college or other post-secondary education, and whose knowledge, skill and competency were below the minimum expected levels for full preparation as defined by the governing boards. The governing boards also shall report the areas in which the knowledge, skill and competency of the students were below the minimum expected level. The state board shall provide information to each of the high schools of the state for graduates from the high school. (1996, c. 112.)

§ 18B-1-2. Definitions.

The following words when used in this chapter and chapter eighteen-c [§ 18C-1-1 et seq.] of this code shall have the meaning hereinafter ascribed to them unless the context clearly indicates a different meaning:

(a) "Governing board" or "board" means the university of West Virginia board of trustees or the board of directors of the state college system, whichever is applicable within the context of the institution or institutions referred to in this chapter or in other provisions of law;

(b) "Governing boards" or "boards" means both the board of trustees and the board of directors;

(c) "Freestanding community colleges" means southern West Virginia community and technical college and West Virginia northern community and technical college, which shall not be operated as branches or off-campus locations of any other state institution of higher education;

(d) "Community college" or "community colleges" means community and technical college or colleges as those terms are defined in this section;

(e) "Community and technical college", in the singular or plural, means the freestanding community and technical colleges, community and technical education programs of regional campuses of West Virginia university and divisions of state institutions of higher education which have a defined community and technical college district and offer community and technical college education in accordance with the provisions of section three-a [§ 18B-3-3a], article three of this chapter;

(f) "Community and technical college education" means the programs, faculty, administration and funding associated with the mission of community and technical colleges as provided in section three-a, article three of this chapter, and also shall include post-secondary vocational education programs in the state as those terms are defined in this section. Community and technical college education shall be delivered through a system which includes eleven community and technical college districts assigned to state institutions of higher education under the jurisdiction of the board of directors and the board of trustees, respectively;

(g) "Directors" or "board of directors" means the board of directors of the state college system created pursuant to article three [§ 18B-3-1 et seq.] of this chapter or the members thereof;

(h) "Higher educational institution" means any institution as defined by Sections 401(f), (g) and (h) of the federal Higher Education Facilities Act of 1963, as amended;

(i) "Post-secondary vocational education programs" means any college-level course or program beyond the high school level provided through an institution of higher education which results in or may result in the awarding of a two-year associate degree, under the jurisdiction of the board of directors;

(j) "Rule" or "rules" means a regulation, standard, policy or interpretation of general application and future effect;

(k) "Senior administrator" means the person hired by the governing boards in accordance with section one [§ 18B-4-1], article four of this chapter, with powers and duties as may be provided for in section two [§ 18B-4-2] of said article;

(*l*) "State college" means Bluefield state college, Concord college, Fairmont state college, Glenville state college, Shepherd college, West Liberty state college or West Virginia state college;

(m) "State college system" means the state colleges and community and technical colleges, and also shall include post-secondary vocational education programs in the state as those terms are defined in this section;

(n) "State college system community and technical colleges" means the freestanding community and technical colleges and community and technical colleges operated on the campuses of state colleges under the jurisdiction of the board of directors of the state college system and all of their associated branches, centers and off-campus locations;

(o) "State institution of higher education" means any university, college or community and technical college in the state university system or the state college system as those terms are defined in this section;

(p) "Trustees" and "board of trustees" means the university of West Virginia board of trustees created pursuant to article two [§ 18B-2-1 et seq.] of this chapter or the members thereof;

(q) "University", "university of West Virginia" and "state university system" means the multi-campus, integrated university of the state, consisting of West Virginia university, including West Virginia university at Parkersburg, Potomac state college of West Virginia university, West Virginia university institute of technology and the West Virginia university school of medicine; Marshall university, including the Marshall university school of medicine, and the Marshall university community and technical college, the Marshall university graduate college; and the West Virginia school of osteopathic medicine;

(r) "University system community and technical colleges" means Marshall university community and technical college, community and technical education programs at West Virginia university at Parkersburg, community and technical education programs at Potomac state college of West Virginia university and West Virginia university institute of technology community and technical college under the jurisdiction of the university of West Virginia board of trustees and all their associated branches, centers and off-campus locations;

(s) "Regional campus" means West Virginia university at Parkersburg, Potomac state college of West Virginia university, and West Virginia university institute of technology. The chief executive officer of a regional campus shall be known as "campus president", shall serve at the will and pleasure of the president of West Virginia university, and shall report to the president of West Virginia university or his or her designee in the method specified by West Virginia university. The board of advisors for West Virginia university established pursuant to section one [§ 18B-6-1], article six of this chapter shall serve as the advisory board for West Virginia university and its regional campuses. The advisory boards previously appointed for each regional campus shall be known as "boards of visitors" and shall provide guidance to the regional campus presidents. Each regional campus shall adopt separate strategic plans required by section one-c [§ 18B-1-1c] of this article; and

(t) The advisory board previously appointed for the West Virginia graduate college shall be known as the "board of visitors" and shall provide guidance to the Marshall university graduate college. (1989, c. 64; 1992, c. 61; 1993, c. 47; 1995, c. 99; 1996, c. 119; 1997, c. 85.)

Effect of amendment of 1996. — The amendment, effective March 9, 1996, substituted "of regional campuses" for "at branch campuses" in (e); in (*l*), deleted "West Virginia institute of technology" following "West Liberty state college"; in (q), inserted "West Virginia university institute of technology"; in (r), inserted "and West Virginia university institute of technology community and technical college" preceding "under the jurisdiction"; and added (s).

Effect of amendment of 1997. — The amendment, effective July 1, 1997, added (t); and made stylistic changes.

Editor's notes. — The Higher Education Facilities Act of 1963, referred to in (h), has been superseded generally by 20 U.S.C. § 1132a et seq.

§ 18B-1-3. Transfer of powers, duties, property, obligations, etc., of prior governing boards to the board of trustees and board of directors.

(a) All powers, duties and authorities transferred to the board of regents pursuant to former provisions of chapter eighteen [§ 18-1-1 et seq.] of this code are hereby transferred to the governing boards created in this chapter and shall be exercised and performed by the governing boards as such powers, duties and authorities may apply to each governing board and to institutions under its jurisdiction.

(b) Title to all property previously transferred to or vested in the board of regents formerly existing under the provisions of chapter eighteen of this code are hereby transferred to such governing board as those titles may apply to property which is appropriately under the jurisdiction of that governing board. Property transferred to or vested in the board of regents shall include (1) all property vested in the board of governors of West Virginia University and transferred to and vested in the West Virginia board of regents; (2) all property acquired in the name of the state board of control or the West Virginia board of education and used by or for the state colleges and universities and transferred to and vested in the West Virginia board of regents; and (3) all property acquired in the name of the state commission on higher education and transferred to and vested in the West Virginia board of regents.

(c) Each valid agreement and obligation previously transferred to or vested in the board of regents formerly existing under the provisions of chapter eighteen of this code is hereby transferred to the governing boards as those agreements and obligations may apply to each governing board and to institutions under its jurisdiction. Valid agreements and obligations transferred to the board of regents shall include (1) each valid agreement and obligation of the board of governors of West Virginia University transferred to and deemed the agreement and obligation of the West Virginia board of regents; (2) each valid agreement and obligation of the state board of education with respect to the state colleges and universities transferred to and deemed the agreement and obligation of the West Virginia board of regents; and (3) each valid agreement and obligation of the state commission on higher education transferred to and deemed the agreement and obligation of the West Virginia board of regents.

(d) All orders, resolutions and rules adopted or promulgated by the board of regents and in effect immediately prior to the first day of July, one thousand nine hundred eighty-nine, are hereby transferred to the governing boards as those orders, resolutions and rules may apply to each governing board and to institutions under its jurisdiction and shall continue in effect and shall be deemed the orders, resolutions and rules of the respecting governing boards until rescinded, revised, altered or amended by the appropriate governing board in the manner and to the extent authorized and permitted by law. Such orders, resolutions and rules shall include (1) those adopted or promulgated by the board of governors of West Virginia University and in effect immediately prior to the first day of July, one thousand nine hundred sixty-nine, unless and

until rescinded, revised, altered or amended by the board of regents in the manner and to the extent authorized and permitted by law; (2) those respecting state colleges and universities adopted or promulgated by the West Virginia board of education and in effect immediately prior to the first day of July, one thousand nine hundred sixty-nine, unless and until rescinded, revised, altered or amended by the board of regents in the manner and to the extent authorized and permitted by law; and (3) those adopted or promulgated by the state commission on higher education and in effect immediately prior to the first day of July, one thousand nine hundred sixty-nine, unless and until rescinded, revised, altered or amended by the board of regents in the manner and to the extent authorized and permitted by law.

(e) As to any title, agreement, obligation, order, resolution, rule or any other matter about which there is some uncertainty, misunderstanding or question regarding the applicability to one or both of the governing boards, the matter shall be summarized in writing and sent to the secretary of education and the arts, who shall make a determination regarding such matter within thirty days of receipt thereof.

(f) Rules or provisions of law which refer to other provisions of law which were repealed, rendered inoperative, or superseded by the provisions of this section shall remain in full force and effect to such extent as may still be applicable to higher education and may be so interpreted. Such references include, but are not limited to, references to sections and prior enactments of article twenty-six [§ 18-26-1 et seq., repealed], chapter eighteen of this code and code provisions relating to retirement, health insurance, grievance procedures, purchasing, student loans and savings plans. Any determination which needs to be made regarding applicability of any provision of law shall first be made by the secretary of education and the arts. (1989, c. 64.)

Editor's notes. — Section 18-26-11 transferred powers, duties, property, obligations, etc., of the board of governors to the board of regents. Section 18-26-11 was repealed by Acts 1989, c. 69. For current meaning of the "board of regents," see § 2-2-10.

Stated in 4-H Rd. Community Ass'n v. West Va. Univ. Found., Inc., 182 W. Va. 434, 388 S.E.2d 308 (1989).

§ 18B-1-4. Prior transfer of powers, etc., to board of regents; board of regents abolished.

(a) All the powers, duties and authorities which the board of governors of West Virginia University, previously established by article eleven [§ 18-11-1 et seq.] of chapter eighteen of the code or by any other provisions of law, may have had immediately prior to the first day of July, one thousand nine hundred sixty-nine, shall be the powers, duties and authorities of the West Virginia board of regents until the first day of July, one thousand nine hundred eighty-nine. Until such date, all of the policies and affairs of West Virginia University shall be determined, controlled, supervised and managed by the West Virginia board of regents, who shall exercise and perform all such powers, duties and authorities.

All powers, duties and authorities which the West Virginia board of education may have had with respect to state colleges and universities immediately

prior to the first day of July, one thousand nine hundred sixty-nine, shall be the powers, duties and authorities of the West Virginia board of regents until the first day of July, one thousand nine hundred eighty-nine. Until such date, all of the policies and affairs of the state colleges and universities shall be determined, controlled, supervised and managed by the West Virginia board of regents, who shall exercise and perform all such powers, duties and authorities: Provided, That the standards for education of teachers and teacher preparation programs at the state colleges and universities shall continue to be under the general direction and control of the West Virginia board of education, and the West Virginia board of education shall have sole authority to continue, as authorized by section six [§ 18-2-6], article two, chapter eighteen of this code, to enter into agreements with county boards of education for the use of the public schools to give prospective teachers teaching experience.

All powers, duties and authorities vested in the state commission on higher education by previous provisions of chapter eighteen of this code or by any other provisions of law shall be the powers, duties and authorities of the West Virginia board of regents until the first day of July, one thousand nine hundred eighty-nine. Until such date, all of the powers, duties, and authorities of the state commission on higher education shall be exercised and performed by the West Virginia board of regents.

(b) The board of regents shall be abolished on the first day of July, one thousand nine hundred eighty-nine. (1989, c. 64.)

Editor's notes. — Section 18-26-11 transferred powers, duties, property, obligations, etc., of the board of governors to the board of regents. Section 18-26-11 was repealed by Acts 1989, c. 69. For current meaning of the "board of regents," see § 2-2-10.

Stated in 4-H Rd. Community Ass'n v. West Va. Univ. Found., Inc., 182 W. Va. 434, 388 S.E.2d 308 (1989).

§ 18B-1-5. Board of trustees and board of directors under department of education and the arts.

(a) The board of trustees and the board of directors, created in articles two and three [§§ 18B-2-1 et seq. and 18B-3-1 et seq.] of this chapter, are under the jurisdiction of the department of education and the arts created in article one, chapter five-f [§ 5F-1-1 et seq.] of this code, and are subject to the supervision of the secretary of education and the arts. Rules adopted by the governing boards shall be subject to approval by the secretary of education and the arts. The budget submitted by each board pursuant to the provisions of section eight [§ 18B-1-8] of this article shall be subject to approval of the secretary of the department of education and the arts, all pursuant to the provisions of article two, chapter five-f [§ 5F-2-1] of this code.

(b) The secretary of education and the arts is responsible for the coordination of policies and purposes of the state university system and the state college system and shall provide for and facilitate sufficient interaction between the governing boards, and between the governing boards and the state board of education, to assure appropriate mission and program coordination and cooperation among: (1) The state university system; (2) the state college system, exclusive of the community colleges; (3) the community

colleges, including free-standing community colleges, and community college components; and (4) the vocational-technical centers in the state, recognizing the inherent differences in the missions and capabilities of these four categories of institutions. The governing boards and the state board of education shall provide any and all information requested by the secretary of education and the arts and legislators in a timely manner.

(c) The secretary of education and the arts, the chancellors of the board of trustees and the board of directors and the state superintendent of schools shall develop standards and suggest implementation methods for a standardized test to be used to predict post-secondary educational success such as the test offered by the American college testing program. The test, hereinafter referred as the post-secondary academic success score or PASS, is to be administered to all students during the fall semester of the eighth grade. The secretary of education and the arts, the chancellors of the board of trustees and the board of directors, and the state superintendent of schools shall submit a joint report outlining their findings to the governor and the legislative oversight commission on education accountability by the first day of December, one thousand nine hundred ninety-three. (1989, c. 64; 1993, c. 47.)

§ 18B-1-5a. Pilot program of delivering educational services via distance learning.

(a) The intent of the Legislature in enacting this section is to create the framework for establishing an educational delivery system to address findings that:

(1) The strength of the economy of the state of West Virginia is directly affected by the percentage of the available work force possessing college degrees and/or an advanced vocational-technical education from which an employer may draw;

(2) Real and perceived barriers within West Virginia and its systems of higher education, such as the cost of a college education, the availability of appropriate course work at locations and times convenient for students with families and/or jobs, and inadequate preparation for college-level work, have created road blocks for West Virginians in achieving their educational goals and, in turn, have limited the economic opportunities available to them and the state of West Virginia; and

(3) Because of the state's history of a low college-going rate and a low percentage of state residents who hold college degrees, meeting the current and future work force needs of West Virginia will require attention to the needs of working-age adults for upgrading their skills, continuing their educations, preparing for new careers and other lifelong learning pursuits, in addition to attending to the educational needs of traditional college age students.

(b) Such a delivery system should employ the best available technology and qualified instructors to provide courses of instruction to students at remote locations by means of electronic transmission and computer assisted instruction. The delivery system should make maximum use of the currently existing resources, facilities, equipment and personnel in the state's systems of public

and higher education and other educational and administrative agencies and should be low-tuition, commuter-oriented, open door admissions, serving adults of all ages. The courses of instruction offered through such a system should be relevant to the needs of the target population as expressed in the major findings listed in subsection (a) of this section and should meet the several goals of helping students to prepare for college level work, to increase their likelihood of securing gainful employment given their other relevant life circumstances, to obtain higher education core curriculum course work that is universally accepted at all state institutions of higher education with the grade earned and to minimize the amount of additional course work they will be required to take at less convenient times and locations to achieve their educational goals. The delivery system should also include adequate student support services such as student advising, career counseling, library access and immediate interaction with peers and instructors.

(c) The secretary of education and the arts is responsible for establishing a three-year pilot program consisting of no more than eight sites within the state for the delivery of educational programs consistent with the goals established in this section. To assist in the development of this program, the secretary shall appoint an advisory committee comprised of persons from public education, higher education, the West Virginia distance learning coordinating council, the Legislature and the business community. In consultation with the advisory committee, the secretary shall contract with the appropriate governing board or other body to offer courses or programs of various levels and types to meet the objectives of this section. The contracts shall specify the pilot sites for offering the educational programs, the various technologies for program delivery, the types of courses to be offered, the course instructors and site coordinators and their training, the fees to be charged, the institutions in the state willing to enroll the student participants, the collection of tuition and fees, a method for accounting for the funds collected and expended and other issues relevant to program administration. There is hereby established in the state treasury a special revolving fund within the account of the secretary of education and the arts into which appropriations, course fees, charitable contributions and other moneys received by the secretary for the purposes of the program shall be paid for expenditures in the operation of the pilot program. During each year of the pilot program, the secretary shall report to the governor and the Legislature on the progress of the program, whether it should be continued or discontinued, and, if continued, any recommended modifications in program scope and mission and any action which is necessary on behalf of the governor or the Legislature to improve the success of the program. At the end of the pilot program, the secretary shall make a final report to the governor and the Legislature as to whether the findings set forth in this section are being addressed through such an educational delivery system and shall recommend whether it should become permanent. If the secretary recommends that the delivery system should become permanent, the secretary shall also recommend specific structures for program support and administration, instructional development and objectives, technology, student support services and other relevant policy issues. (1993, c. 47.)

§ 18B-1-6. Rule making.

The university of West Virginia board of trustees and the board of directors of the state college system are hereby empowered to promulgate, adopt, amend or repeal rules, subject to the approval of the secretary of education and the arts, in accordance with the provisions of article three-a [§ 29A-3A-1 et seq.], chapter twenty-nine-a of this code, as they may deem necessary and convenient to ensure the full implementation of their powers and duties. Each governing board shall file a copy of any rule it proposes to promulgate, adopt, amend or repeal under the authority of this article with the legislative oversight commission on education accountability created in said article three-a, chapter twenty-nine-a of this code.

Nothing in this section shall be construed to apply to any rule promulgated or adopted by a state institution of higher education. (1989, c. 64.)

§ 18B-1-7. Supervision by governing boards; delegation to president.

On and after the first day of July, one thousand nine hundred eighty-nine, the governing boards shall determine, control, supervise and manage all of the policies and affairs of the state institutions of higher education under their jurisdiction and shall exercise and perform all such powers, duties and authorities respecting those institutions as were previously exercised and performed by the West Virginia board of regents.

The governing boards have the general determination, control, supervision and management of the financial, business and educational policies and affairs of all state institutions of higher education under their jurisdiction. The board of trustees and the board of directors shall seek the approval of the West Virginia Legislature before either governing board takes action that would result in the creation or closing of a state institution of higher education.

Except as otherwise provided by law, each board's responsibilities shall include, but shall not be limited to, the making of studies and recommendations respecting higher education in West Virginia; allocating among the state institutions of higher education under their jurisdiction specific functions and responsibilities; submitting budget requests for such institutions; and equitably allocating available state appropriated funds between the boards and among such institutions in accordance with the resource allocation model and policies required by section two [§ 18B-5-2], article five of this chapter.

Each board shall delegate, as far as is lawful, efficient and fiscally responsible and within prescribed standards and limitations, such part of its power and control over financial, educational and administrative affairs of each state institution of higher education to the president or other administrative head of those institutions. This shall not be interpreted to include the classification of employees, lawful appeals made by students in accordance with board policy, lawful appeals made by faculty or staff or final review of new or established academic or other programs. (1989, c. 64; 1993, c. 47.)

§ 18B-1-8. Powers and duties of governing boards generally.

(a) Each governing board shall separately have the power and duty to:

(1) Determine, control, supervise and manage the financial, business and educational policies and affairs of the state institutions of higher education under its jurisdiction;

(2) Prepare a master plan for the state institutions of higher education under its jurisdiction, setting forth the goals, missions, degree offerings, resource requirements, physical plant needs, state personnel needs, enrollment levels and other planning determinates and projections necessary in such a plan to assure that the needs of the state for a quality system of higher education are addressed: Provided, That the master plan for post-secondary vocational education is subject to approval by the joint commission for vocational-technical-occupational education. The plan shall also address the roles and missions of private post-secondary education providers in the state. Each board shall involve the executive and legislative branches of state government and the general public in the development of all segments of the plan for post-secondary education in the state. The plan shall be established for periods of not less than five nor more than ten years and shall be periodically revised as necessary, including the addition or deletion of degree programs as, in the discretion of the boards, may be necessary. Whenever a state institution of higher education desires to establish a new degree program, such program proposal shall not be implemented until the same is filed with both governing boards. Upon objection thereto within sixty days by either governing board, such program proposal shall be filed with the secretary of education and the arts, who shall approve or disapprove such proposal within one year of the filing of said program proposal;

(3) Prescribe and allocate among the state institutions of higher education under its jurisdiction, in accordance with its master plan, specific functions and responsibilities to meet the higher education needs of the state and to avoid unnecessary duplication;

(4) Consult with the executive branch and the Legislature in the establishment of funding parameters, priorities and goals;

(5) Establish guidelines for and direct the preparation of budget requests for each of the state institutions of higher education under its jurisdiction, such requests to relate directly to missions, goals and projections in its state master plan;

(6) Consider, revise and submit to the appropriate agencies of the executive and legislative branches of state government separate budget requests on behalf of the state institutions of higher education under its jurisdiction or a single budget for the state institutions of higher education under its jurisdiction: Provided, That when a single budget is submitted, that budget shall be accompanied by a tentative schedule of proposed allocations of funds to the separate state institutions of higher education under its jurisdiction;

(7) Prepare and submit to the speaker of the House of Delegates and the president of the Senate, no later than the first day of each regular session of

the Legislature and to any member of the Legislature upon request, an analysis of the budget request submitted under subdivision (6) of this subsection. The analysis shall summarize all amounts and sources of funds outside of the general revenue fund anticipated to be received by each state institution of higher education under its jurisdiction and the effect of such funds on the budget request;

(8) Prepare and submit to the legislative auditor, no later than the first day of July of each year, the approved operating budgets of each state institution of higher education under its jurisdiction for the fiscal year beginning on that date and, no later than the first day of August, a summary of federal and other external funds received at each such institution during the previous fiscal year;

(9) Establish a system of information and data management that can be effectively utilized in the development and management of higher education policy, mission and goals;

(10) Review, at least every five years, all academic programs offered at the state institutions of higher education under its jurisdiction. The review shall address the viability, adequacy and necessity of the programs in relation to its master plan and the educational and work force needs of the state. As a part of such review, each governing board shall require each of its institutions to conduct periodic studies of its graduates and their employers to determine placement patterns and the effectiveness of the educational experience. Where appropriate, these studies should make use of the studies required of many academic disciplines by their accrediting bodies. The governing boards shall also ensure that the sequence and availability of academic programs and courses is such that students have the maximum opportunity to complete programs in the time frame normally associated with program completion, that the needs of nontraditional college age students are appropriately addressed, and that core course work completed at any state institution of higher education is transferable to another state institution of higher education for credit with the grade earned. Notwithstanding any other provision of this code to the contrary, after the effective date of this section the appropriate governing board shall have the exclusive authority to approve the teacher education programs offered in the institutions under their control. In order to permit graduates of teacher education programs to receive a degree from a nationally accredited program and in order to prevent expensive duplication of program accreditation, the boards may select and utilize one nationally recognized teacher education program accreditation standard as the appropriate standard for program evaluation;

(11) Utilize faculty, students and classified staff in institutional level planning and decision making when those groups are affected;

(12) Administer a uniform system of personnel classification and compensation for all employees other than faculty and policy level administrators;

(13) Establish a uniform system for the hearing of employee grievances and appeals therefrom, so that aggrieved parties may be assured of timely and objective review;

(14) Solicit and utilize or expend voluntary support, including financial contributions and support services, for the state institutions of higher education;

(15) Appoint a president or other administrative head for each institution of higher education from candidates submitted by the search and screening committees of the institutional boards of advisors pursuant to section one [§ 18B-6-1], article six of this chapter;

(16) Conduct written performance evaluations of each institution's president in every fourth year of employment as president, recognizing unique characteristics of the institution and utilizing institutional personnel, institutional boards of advisors, staff of the appropriate governing board and persons knowledgeable in higher education matters who are not otherwise employed by a governing board;

(17) Submit to the joint committee on government and finance, no later than the first day of December of each year, an annual report of the performance of the system of higher education under its jurisdiction during the previous fiscal year as compared to stated goals in its master plan and budget appropriations for that fiscal year; and

(18) The governing boards shall have the power and authority to enter into contracts or consortium agreements with the public schools, private schools or private industry to provide technical, vocational, college preparatory, remedial and customized training courses at locations either on campuses of public institutions of higher education or at off-campus locations in such institutions' regional educational service areas. To accomplish this goal, the boards are permitted to share resources among the various groups in the community. The governing boards shall promulgate uniform legislative rules providing for entering into said contracts and consortium agreements and for determining and granting credit for work experience for courses offered by the consortium.

(b) The power, herein given to each governing board to prescribe and allocate among the state institutions of higher education under its jurisdiction specific functions and responsibilities to meet the higher educational needs of the state and avoid unnecessary duplication, shall not be restricted by any provision of law assigning specified functions and responsibilities to designated state institutions of higher education, and such power shall supersede any such provision of law: Provided, That each governing board may delegate, with prescribed standards and limitations, such part of its power and control over the business affairs of a particular state institution of higher education to the president or other administrative head of such state institution of higher education in any case where it deems such delegation necessary and prudent in order to enable such institution to function in a proper and expeditious manner: Provided, however, That such delegation shall not be interpreted to include classification of employees, lawful appeals made by students in accordance with the appropriate governing board's policy, lawful appeals made by faculty or staff or final review of new or established academic or other programs. Any such delegation of power and control may be rescinded by the appropriate governing board at any time, in whole or in part.

(c) The governing boards shall promulgate uniform legislative rules by the first day of September, one thousand nine hundred ninety-three, setting forth

standards for acceptance of advanced placement credit for their respective institutions. Individual departments at institutions of higher education may, upon approval of the institutional faculty senate, require higher scores on the advanced placement test than scores designated by the appropriate governing board when the credit is to be used toward meeting a requirement of the core curriculum for a major in that department.

(d) Each governing board and/or an individual appointed by the president of each institution shall consult, cooperate and work with the state treasurer and the state auditor to develop an efficient and cost-effective system for the financial management and expenditure of special revenue and appropriated state funds for higher education that ensures that properly submitted requests for payment be paid on or before due date, but in any event, within fifteen days of receipt in the state auditor's office. The system shall be established and implemented as soon as practical and the governing boards shall report to the legislative oversight commission on education accountability prior to the first day of January, one thousand nine hundred ninety-four, regarding the efficacy of the system.

(e) The governing boards in consultation with the secretary of the department of administration shall develop a plan and report such plan to the legislative oversight commission on education accountability by the first day of December, one thousand nine hundred ninety-five. Such plan shall establish a consistent method of conducting personnel transactions including, but not limited to, hiring, dismissal, promotions and transfers at all institutions under their jurisdiction. Each such personnel transaction shall be accompanied by the appropriate standardized system or forms which will be submitted to the respective governing boards, and the department of finance and administration. Such plan shall be developed with a contemplated target implementation date of the first day of July, one thousand nine hundred ninety-six.

(f) Notwithstanding any other provision of this code to the contrary, the governing boards and the secretary of education and the arts shall have the authority to transfer funds from any account specifically appropriated for their use to any corresponding line item in a general revenue account at any agency or institution under their jurisdiction as long as such transferred funds are used for the purposes appropriated. The governing boards also shall have the authority to transfer funds from appropriated special revenue accounts for capital improvements under their jurisdiction to special revenue accounts at agencies or institutions under their jurisdiction as long as such transferred funds are used for the purposes appropriated.

(g) Notwithstanding any other provision of this code to the contrary, the governing boards or senior administrator may acquire such legal services as are deemed necessary, including representation of the governing boards, their institutions, employees and officers before any court or administrative body. Such counsel may be employed either on a salaried basis or on a reasonable fee basis. In addition, the governing boards or senior administrator may, but are not required to, call upon the attorney general for legal assistance and representation as provided by law. (1989, c. 64; 1993, c. 47; 1995, c. 99.)

Editor's notes. — Concerning the reference in (a)(10) to "the effective date of this section," Acts 1993, c. 47 provided that this section take effect from passage (April 21, 1993).

ALR references. — Student's right to compel school officials to issue degree, diploma, or the like, 11 ALR4th 1182.

§ 18B-1-8a. Higher education accountability; institutional and statewide report cards.

(a) The governing boards are directed to make information available to parents, students, faculty, staff, state policymakers and the general public on the quality and performance of public higher education. This information shall be consistent and comparable between and among the state institutions of higher education and, if applicable, comparable with information from peer institutions in the region and the nation.

(b) On or before the first day of November, one thousand nine hundred ninety-five, the governing boards are directed to adopt a rule pursuant to the provisions of article three-a [§ 29A-3A-1 et seq.], chapter twenty-nine-a of this code, providing for the collection, analysis and dissemination of data and information on the performance of the state institutions of higher education, including health sciences education, in relation to the findings, directives, goals and objectives set forth in sections one-a and one-b [§§ 18B-1-1a and 18B-1-1b] of this article and in comparison to their peers in the region and the nation. In developing the rule, the governing boards shall consult with the governor, the legislative oversight commission on education accountability and the state department of education regarding the relevant areas of data and information considered necessary for inclusion in a higher education report card. Upon approval of the rule by the legislative oversight commission on education accountability, and the effective date of the rule, the provisions of subsection (c) of this section are null and void: The legislative rules shall provide the legislative oversight commission on education accountability with full and accurate information while minimizing the institutional burden of recordkeeping and reporting. The legislative rules shall include uniform definitions for the various indicators of student and institutional performance and guidelines for the collection and reporting of data and the preparation, printing and distribution of report cards under this section. The report card forms shall provide for brief, concise reporting in nontechnical language of required information. Any technical or explanatory material which an institution or governing board wishes to include shall be contained in a separate appendix available to the general public upon request.

(c) The president or chief executive officer of each public college, university or community college shall prepare and submit annually all requested data to the appropriate governing board at the time as the governing board may establish. The governing boards shall prepare institutional report cards for institutions under their jurisdiction and systemwide report cards which shall include the information required in the following subdivisions:

(1) For all undergraduate students and for all institutions having undergraduate programs, the institution shall report the following as available and applicable: Average scores of incoming freshmen and transfer students on the

American college test (ACT) or scholastic aptitude test (SAT); percentage of incoming freshmen enrolled in developmental classes; student performance as measured by grade point average and/or appropriate testing measures; the graduation or completion rate as may be defined by federal law or regulation for the student body as a whole and separately for students at the institution who received athletically-related student aid categorized by sex and athletic program; the rate at which individuals who complete or graduate from the program of an institution pass applicable licensure or certification examinations required for employment in a particular vocation, trade or professional field; student mobility (transfers in, transfers out and withdrawals); number and percentage of student body receiving tuition fee waivers; and number, percentage and dollar value of tuition fee waivers categorized by whether the waiver is for athletic participation or is an academic waiver and by whether the recipient is a resident or nonresident of this state.

(2) For professional schools, defined for the purposes of this section as academic programs leading to professions in which licensing is normally required and for which an undergraduate degree is a general prerequisite, the institution shall report the following as available and applicable: Average scores of beginning students and transfer students on standardized entrance examinations; number and percentage of student body receiving tuition fee waivers; number, percentage and dollar value of tuition fee waivers categorized by whether the recipient is a resident or nonresident of this state; the number of degrees granted; the graduation or completion rate as may be defined by federal law or regulation for the student body as a whole; the rate at which individuals who complete or graduate from the program of an institution pass applicable licensure or certification examinations required for employment in the particular professional field; the total number of students in each program, including the percentage of those students who are state residents, the percentage of students who are nonresidents of the state, the percentage of students who are women and the percentage of students who are minorities as the term is defined by federal law; and the ratio of expenditures per pupil directly attributable to students enrolled in the professional school as compared to expenditures per pupil calculated as to students enrolled in the institution as a whole.

(3) For graduate schools, defined for the purposes of this section as academic programs leading to advanced degrees (masters or doctorates of philosophy in fields for which bachelor's degree programs are available) and for which an undergraduate degree is a general prerequisite, the institution shall report the following as available and applicable: Average scores of beginning students and transfer students on standardized entrance examinations; number and percentage of student body receiving tuition fee waivers; number, percentage and dollar value of tuition fee waivers categorized by whether the recipient is a resident or nonresident of this state; the number of degrees granted; the graduation or completion rate as may be defined by federal law or regulation for the student body as a whole; the rate at which individuals who complete or graduate from the program of an institution pass applicable licensure or certification examinations required for employment; and the total number of

students in each program, including the percentage of those students who are state residents, the percentage of students who are nonresidents of the state, the percentage of students who are women and the percentage of students who are minorities as the term is defined by federal law.

(4) In addition to any and all information required by subdivision (2) of this subsection, each health sciences school shall assist the vice chancellor for health sciences in providing information for the institutional and statewide report cards, which shall include reports on the following:

(A) Information on graduates, including, but not limited to, placement of interns and residents, retention rates in the state, retention rates in unreserved areas as determined by the division of health, the percentage practicing in primary care in this state to be defined as family medicine, internal medicine, pediatrics and obstetrics/gynecology, and other information pertinent to health sciences education as it relates to health care delivery in this state such as recruitment programs to attract health care providers to West Virginia; reasons obtained from graduate surveys as to why health care graduates are leaving West Virginia; programs developed to direct graduates into primary care practices and specialty shortage areas in this state; and ways in which the health sciences schools intend to assist in meeting the projected health care needs of this state, including specialty and subspecialty health care professional needs and where those needs are expected to arise, as those needs are defined by the division of health or such other state agency as the division of health may consider appropriate;

(B) Contractual and financial arrangements between the health sciences schools and such nonprofit and for-profit entities receiving moneys from the health sciences schools that the board of trustees determines have a significant impact on the provision of health sciences education in this state. The report shall state the entity, the amount of funds paid to the entity and what the payment is for;

(C) The roles and missions of the health sciences schools and evaluation of each school's performance in accordance with outcome measures developed to evaluate the attainment of the roles, missions and programs developed for each school;

(D) The annual audit of the expenditures of each health sciences school and any audit received by the board from the nonprofit and for-profit entities determined by the board of trustees to have a significant affiliation to any health sciences school;

(E) Findings regarding management and operation of the health sciences schools, the findings to be based on the annual audits and to include proposals for and barriers to improving efficiency and generating cost savings in health sciences education;

(F) The quality of health sciences education, including, but not limited to, a review of any accrediting agency's report on health sciences education at any state-funded health sciences school;

(G) The clinical health care services and programs offered or delivered by the health sciences schools, including, but not limited to, programs which use existing state facilities for the purposes of clinical rotations;

(H) Matters relating to the funding and budgeting of health sciences education in this state, including, but not limited to, ways in which the budget effectuates the roles and missions of the health sciences schools;

(I) The financing of health sciences education subsequent to an annual, comprehensive review thereof. The report shall include anticipated capital costs, projected operating expenses and future growth and recommendations on the allocation of any state or other tax dedicated to the funding of health sciences education; and

(J) Such other administrative, budgetary, financial, educational and other concerns as the board of trustees may consider necessary or helpful in providing information about the health sciences schools pursuant to this subsection.

(5) For all public institutions of higher education in the state, the following indicators of institutional performance in comparison with the aggregate of all other institutions in the state, region and nation as applicable and to the extent comparison data are available: Student-faculty ratio by school; student-administrator ratio; faculty turnover by school; educational and general expenditure per full-time equivalent (FTE) student; expenditure by fund in graphic display; the academic rank and years of experience of the faculty and administrators at the institution; percentage minorities comprise of faculty and major administrative staff; percentage women comprise of faculty and major administrative staff; percentage of classes taught by adjunct or part-time faculty; statistics concerning the occurrence on campus during the most recent school year and during the preceding school years for which data are available of criminal offenses reported to campus security authorities or local police; and statistics concerning the number of arrests for crimes occurring on campus during the most recent school year and during the preceding school years for which data are available.

The statewide report card shall include the data for each institution for each separately listed applicable indicator and the aggregate of the data for all institutions under the jurisdiction of the board of trustees of the university of West Virginia and for all institutions under the jurisdiction of the board of directors of the state college system for each indicator.

The statewide report cards shall be prepared using actual institutional, state, regional and national data as applicable and available indicating the present performance of the individual institutions and the state systems of higher education and shall also include goals and trends for the institutions and the higher education systems. Each governing board as part of its assessment of the individual institutions under its jurisdiction shall include the number and gross dollar amount of grants received for academic research for each institution and a succinct review of research projects including a brief description of each project and the numbers of faculty, graduate and undergraduate students involved in each project. In assessing progress toward meeting goals and in developing trend information, the governing boards shall review report card data in relation to previously adopted board goals, five-year plans, regional and national higher education trends and the resource allocation model.

(d) The higher education central office staff under the direction of the senior administrator shall provide technical assistance to each institution and governing board in data collection and reporting and is responsible for assembling the statewide report card from information submitted by each governing board.

Each governing board shall prepare report card information in accordance with the guidelines set forth in this section and rules promulgated under this section. The statewide report card shall be presented at a regular board meeting of the appropriate governing board subject to applicable notice requirements.

The statewide report cards shall be completed and disseminated with copies to the legislative oversight commission on education accountability prior to the first day of January, one thousand nine hundred ninety-seven, and each year thereafter. Statewide report cards shall be based upon information for the current school year or for the most recent school year for which the information is available, in which case such year shall be clearly footnoted.

The governing boards shall make copies of both the institutional and statewide report cards available to any individual requesting them. (1991, c. 62; 1995, c. 99; 1996, c. 119.)

Effect of amendment of 1996. — The amendment, effective March 9, 1996, in (b), substituted "are null and void" for "shall be null and void" in the second sentence, and deleted "Provided, That the statewide report card due on the first day of December, one thousand nine hundred ninety-five, pursuant to said section, shall be compiled and disseminated pursuant to said subsection" preceding the third sentence; in (c)(4)(A), substituted "may consider appropriate" for "may deem appropriate"; rewrote (c)(4)(B); in (c)(4)(J), substituted "may consider necessary" for "may deem necessary"; in (d), substituted "is responsible" for "shall be responsible" in the first paragraph, and substituted "January, one thousand nine hundred ninety-seven" for "December, one thousand nine hundred ninety-two" in the third paragraph; and made stylistic changes throughout.

§ 18B-1-8b. Marshall university graduate college.

(a) Notwithstanding any other provisions of this code to the contrary, the West Virginia graduate college shall cease to be an individual higher education institution, as defined by subsection (h), section two [§ 18B-1-2(h)], article one of this chapter and shall be merged and consolidated with Marshall university, effective the first day of July, one thousand nine hundred ninety-seven.

(b) The graduate programs of Marshall university shall be operated under the same procedures, policies, rules and practices utilized by Marshall university and the board of trustees in operating Marshall university: Provided, That the board of trustees shall assure that the president of Marshall university adopts policies, procedures and standards for its graduate programs that facilitate the multiple missions of the graduate college in serving traditional and nontraditional students and providing graduate instruction throughout the state. Nothing herein shall be interpreted to abrogate the power or responsibility of the board of trustees to approve and review graduate programs offered within the university system, nor to limit the statewide mission of West Virginia university or any other institution.

(c) The president of Marshall university shall appoint the head of the graduate college, who shall report directly to the president of Marshall university.

(d) Nothing contained herein shall be interpreted to authorize the provision or expansion of any four-year programs offered by Marshall university to any sites formerly offering graduate school courses by the West Virginia graduate college.

(e) It is the intent of the Legislature that the program review and approval process for campus offerings for graduate education by the graduate college of Marshall university be separate and distinct from the process for the approval of undergraduate education program offerings.

(f) It is the Legislature's intent that, through the fiscal year two thousand two thousand one, the proportionate share of the funds which would have been generated by the board of trustees resource allocation policy for the West Virginia graduate college shall be allocated to the Marshall university graduate college. It is further the intent of the Legislature that the merger and consolidation of West Virginia graduate college and Marshall university shall not result in any financial gain or loss to the board of trustees or any institution within the university system in the appropriation decisions by the Legislature.

(g) It is the intent of the Legislature that Marshall university and the Marshall university graduate college each receive any increase in state appropriated funds for the fiscal year beginning the first day of July, one thousand nine hundred ninety-seven, set out in section one-c [§ 18B-1-1c], article one of this chapter, and further, that they shall not be denied any increases because of the need for changes in their strategic plans necessitated by the merger and consolidation of the two institutions: Provided, That Marshall university shall prepare a revised strategic plan and submit it to the board of trustees for approval by the first day of November, one thousand nine hundred ninety-seven.

(h) Each valid agreement, obligation or claim entered into or incurred by the board of trustees on behalf of the West Virginia graduate college is hereby undertaken by the board of trustees on behalf of Marshall university. (1996, c. 119; 1997, c. 85.)

Effect of amendment of 1997. — The amendment, effective July 1, 1997, rewrote the section.

§ 18B-1-9. Powers and duties of institutional presidents.

Except as is otherwise provided by law or rule, the president or other administrative head of each state institution of higher education shall exercise all the duties and powers conferred by law in the government of the institution under such person's management and control and, subject to review by the appropriate governing board, shall have the authority and responsibility for overseeing the routine matters of the institution, which include, but are not limited to, travel approval, sabbaticals, budget oversight and special student

fees. The president or other administrative head shall assist the chancellors in developing or evaluating policy options for the governing boards, but not both developing and evaluating for the same policy, and may propose policy options for consideration by their governing board. The president or other administrative head of each state institution of higher education shall also be responsible for seeking community advice on academic or other programs. (1989, c. 64.)

§ 18B-1-10.

Repealed by Acts 1993, c. 47.

Editor's notes. — Former § 18B-1-10 (enacted by Acts 1989, c. 64) concerning the task force on faculty salaries and resource allocation, was repealed by Acts 1993, c. 47.

§ 18B-1-11. Colleges and universities to provide appropriate services to meet needs of students with handicapping conditions.

Each state funded institution of higher education accepting students with handicapping conditions, such as physical, learning, or severe sensory disabilities, shall provide services in accordance with Rehabilitation Act 504 appropriate to meet the educational needs of these students. Such information shall be provided to local boards of education for information dissemination to students and parents to fulfill the goals of transition. (1990, 1st Ex. Sess., c. 2.)

Editor's notes. — Rehabilitation Act 504 is part of the Rehabilitation Act of 1973, which is codified at 29 U.S.C. § 701 et seq.

ARTICLE 2.

UNIVERSITY OF WEST VIRGINIA BOARD OF TRUSTEES.

Sec.
18B-2-1. Composition of board; terms and qualifications of members; vacancies; eligibility for reappointment; oath of office; removal from office.
18B-2-2. Meetings and compensation.
18B-2-3. Additional duties of board of trustees.
18B-2-4. [Repealed.]
18B-2-5. Establishment and operation of a state school of osteopathic medicine; authority and duty to purchase property, expend appropriations and conduct programs of the West Virginia School of Osteopathic Medicine.
18B-2-6. Health sciences education; legislative findings and intent.
18B-2-7. Authorization to sell all or part of Potomac State College of West Virginia University parcels of land located in New Creek and Keyser commonly known as the Potomac State College Farm listed on the public lands inventory as 1PSC6. PSC Parcel No. 6, 1PSC14. PSC Parcel No. 14 and 1PSC16. PSC Parcel No. 16.
18B-2-8. Consortium of comprehensive child development centers; establishment and operation of a consortium of comprehensive child development centers.
18B-2-9. West Virginia University institute of technology.

MICHIE'S WEST VIRGINIA CODE ANNOTATED

VOLUME 7A

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ARTICLE 5.

AUTHORITY; RIGHTS; RESPONSIBILITY.

§ 18A-5-1a. Possessing deadly weapons on premises of educational facilities; possessing a controlled substance on premises of educational facilities; assaults and batteries committed by pupils upon teachers or other school personnel; temporary suspension, hearing; procedure, notice and formal hearing; extended suspension; sale of narcotic; expulsion; exception.

Fundamental right to education. — Because the state has a compelling interest in providing a safe and secure environment to the school children of this state pursuant to W. Va. Const., art. 12, § 1, and because expulsion from school for as much as twelve months pursuant to the provisions of subsection (g) of this section is a reasonably necessary and narrowly tailored method to further that interest, the mandatory suspension period of that section is not facially unconstitutional. Cathe A. v. Doddridge County Bd. of Educ., 200 W. Va. 521, 490 S.E.2d 340 (1997).

For a child who is not permitted to attend regular school pursuant to the provisions of subsection (g) of this section, the extent and details of the state's constitutional responsibility to provide other state-funded educational opportunities and services to the child must be determined on a case-by-case basis, based on the unique circumstances of the individual child; a primary consideration in making such a determination must be the protection of school children, teachers and other school personnel, and another legitimate concern is the need to effectively deter other children from engaging in prohibited conduct. Cathe A. v. Doddridge County Bd. of Educ., 200 W. Va. 521, 490 S.E.2d 340 (1997).

In extreme circumstances and under a strong showing of necessity in a particular case, strict scrutiny and narrow tailoring could permit the effective temporary denial of all state-funded educational opportunities and services to a child removed from regular school under subsection (g) of this section, particularly when the safety of others is threatened by the dangerous actions of a child and where a child is unwilling or unable to utilize educational opportunities and services that are consistent with protecting the safety of others. Cathe A. v. Doddridge County Bd. of Educ., 200 W. Va. 521, 490 S.E.2d 340 (1997).

Alternative program for suspended or expelled students. — To the extent that the opinion in Phillip Leon M. v. Greenbrier County Board of Education, 484 S.E.2d 909 (1996) implies that in every case in which a student is expelled from school for one year for possessing a firearm or other deadly weapon on school property pursuant to the provisions of subsection (g) of this section, the state must provide an alternative education, that opinion is hereby modified. Cathe A. v. Doddridge County Bd. of Educ., 200 W. Va. 521, 490 S.E.2d 340 (1997).

Where the state is able to safely provide reasonable basic educational opportunities and services to a child who has been removed from regular school under the provisions of subsection (g) of this section, there is no compelling state interest in a policy of providing the opportunities and services only if the child's parents are able and willing to reimburse the state for the cost. Cathe A. v. Doddridge County Bd. of Educ., 200 W. Va. 521, 490 S.E.2d 340 (1997).

A policy to the effect that the state has no responsibility to provide any state-funded educational opportunities and services to any children who are expelled under subsection (g) of this section is constitutionally infirm, because the state has not shown that applying such a limitation to all such children under all circumstances is reasonably necessary and narrowly tailored to further the compelling state interest in safe and secure schools. Cathe A. v. Doddridge County Bd. of Educ., 200 W. Va. 521, 490 S.E.2d 340 (1997).

Quoted in Phillip Leon M. v. Greenbrier County Bd. of Educ., 199 W. Va. 400, 484 S.E.2d 909 (1996).

CHAPTER 18B.

HIGHER EDUCATION.

Article
1. Governance.
3. Board of Directors of the State College System.
3D. Workforce Development Initiative.
3E. Eastern West Virginia Community and Technical College.
4. General Administration.
5. Higher Education Budgets and Expenditures.
6. Advisory Councils of Faculty.
7. Personnel Generally.
9. Classified Employee Salary Schedule and Classification System.
10. Fees and Other Money Collected at State Institutions of Higher Education.
14. Miscellaneous.
16. Health Care Education.
17. Legislative Rules.

ARTICLE 1.

GOVERNANCE.

Sec.
18B-1-1e. Public education and higher education collaboration for the preparation of students for college and other post-secondary education.

§ 18B-1-1e. Public education and higher education collaboration for the preparation of students for college and other post-secondary education.

(a) *Purpose.* — The purpose of this section is as follows:

(1) To assist students in the planning and preparation for success in college and other post-secondary education if their education major interests require such formal education after high school;

(2) To establish the minimum expected level of knowledge, skill and competency a student must possess to be prepared fully for college and other post-secondary education at state institutions of higher education;

(3) To implement a method for communicating the minimum level of knowledge, skill and competency to students, parents, educators and counselors in the public schools, and admissions officers, advisors and faculty in the higher education institutions; and

(4) To assure that the teacher preparation programs in state institutions of higher education prepare educators to, at a minimum, deliver instruction necessary to prepare students fully for college and other post-secondary education or gainful employment consistent with the provisions of section eight [§ 18-2E-8], article two-e, chapter eighteen of this code.

(b) *Joint rule.* — On or before the first day of October, one thousand nine hundred ninety-six, the higher education governing boards shall promulgate a joint rule to achieve the purposes of subsection (a) of this section. In the development of such rule, the governing boards shall consult with the state board and the jobs through education employer panel, established pursuant to section eight, article two-e, chapter eighteen of this code, and shall collaborate with the state board in the establishment of compatible practices within their separate systems.

(c) *Assessment of student readiness.* — To provide continuous assessment and program improvement in the preparation of high school students for success in college or other post-secondary education, the higher education governing boards shall communicate to the state board and the legislative oversight commission on education accountability by the first day of December in each year, beginning in December, one thousand nine hundred ninety-seven, the number of graduates from the public schools in the state by high schools who were accepted in the last calendar year for enrollment at each of the state institutions of higher education within one year of graduation, and whose knowledge, skill and competency were below the minimum expected levels for full preparation as defined by the governing boards. The governing boards also shall report the areas in which the knowledge, skill and competency of the students were below the minimum expected level. The state board shall provide information to each of the high schools of the state for graduates from the high school. (1996, c. 112; 1999, c. 96.)

Effect of amendment of 1999. — The amendment, effective July 1, 1999, in (c), deleted "or as soon thereafter as the establishment of an electronic portfolio system permits" following "one thousand nine hundred ninety-seven" and deleted "whose electronic portfolio indicated readiness for college or other post-secondary education" following "one year of graduation."

ARTICLE 3.

BOARD OF DIRECTORS OF THE STATE COLLEGE SYSTEM.

Sec.
18B-3-6. Increasing flexibility for freestanding community and technical colleges.
18B-3-7. Legislative findings; study by joint committee on government and finance.

§ 18B-3-6. Increasing flexibility for freestanding community and technical colleges.

(a) For the purposes of this section, "freestanding community and technical college" means eastern West Virginia community and technical college, southern West Virginia community and technical college, West Virginia northern community and technical college and any other freestanding community and technical college so designated by the Legislature.

(b) Notwithstanding any rules or procedures of the state college system board of directors, the freestanding community and technical colleges under the jurisdiction of the board of directors have the authority and the duty to:

(1) Incorporate the most effective and efficient use of technology in accessing and delivering courses and programs in order to make the best use of available resources and to control costs;

(2) Incorporate a model to offer occupational program curricula in smaller modules to accommodate specific student and employer needs and to gain sufficient flexibility in formatting courses;

(3) Serve as a facilitator for education programs from outside delivery sources that meet the needs of the residents and employers of the district; and

(4) Employ faculty in the most effective manner to serve the core mission of the community and technical college. To that end the freestanding community and technical colleges may employ faculty for an indefinite period without a grant of tenure and shall work toward a staffing goal of no more than twenty percent of the faculty holding tenure or being tenure-track employees: Provided, That tenured faculty currently employed by public institutions of higher education may not be affected by this provision.

(c) The freestanding community and technical colleges may not be required to file a request for approval of certificate and associate degree programs with the board of trustees before implementing a new program pursuant to section eight [§ 18B-1-8], article one of this chapter.

(d) Potomac State College of West Virginia University and West Virginia University at Parkersburg may not be required to file a request for approval of certificate and associate degree programs with the board of directors before implementing a new program pursuant to section eight, article one of this chapter.

(e) The board of directors shall adopt a model of program approval for the freestanding community and technical colleges that permits occupational programs to be customized to meet needs without requiring approval by the board of directors and, furthermore, that incorporates a post-audit review by the board of directors of such programs on a three-year cycle to determine the effectiveness of such programs in meeting district needs.

(f) The board of directors shall promulgate legislative rules in accordance with the provisions of article three-a [§ 29A-3A-1 et seq.], chapter twenty-nine-a of this code to effectuate the purposes of this section: Provided, That the board may not promulgate emergency rules. The rules shall be filed with the legislative oversight commission on education accountability no later than the first day of November, one thousand nine hundred ninety-nine. (1999, c. 107.)

Effective dates. — Acts 1999, c. 107 provided that the act take effect from passage (March 21, 1999).

State of West Virginia

Certificate

I, Ken Hechler, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 18B, ARTICLE 2 OF THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on

January 21, 2000

Secretary of State

40D

(c) The president of Marshall university shall appoint the head of the graduate college, who shall report directly to the president of Marshall university.

(d) Nothing contained herein shall be interpreted to authorize the provision or expansion of any four-year programs offered by Marshall university to any sites formerly offering graduate school courses by the West Virginia graduate college.

(e) It is the intent of the Legislature that the program review and approval process for campus offerings for graduate education by the graduate college of Marshall university be separate and distinct from the process for the approval of undergraduate education program offerings.

(f) It is the Legislature's intent that, through the fiscal year two thousand two thousand one, the proportionate share of the funds which would have been generated by the board of trustees resource allocation policy for the West Virginia graduate college shall be allocated to the Marshall university graduate college. It is further the intent of the Legislature that the merger and consolidation of West Virginia graduate college and Marshall university shall not result in any financial gain or loss to the board of trustees or any institution within the university system in the appropriation decisions by the Legislature.

(g) It is the intent of the Legislature that Marshall university and the Marshall university graduate college each receive any increase in state appropriated funds for the fiscal year beginning the first day of July, one thousand nine hundred ninety-seven, set out in section one-c [§ 18B-1-1c], article one of this chapter, and further, that they shall not be denied any increases because of the need for changes in their strategic plans necessitated by the merger and consolidation of the two institutions: Provided, That Marshall university shall prepare a revised strategic plan and submit it to the board of trustees for approval by the first day of November, one thousand nine hundred ninety-seven.

(h) Each valid agreement, obligation or claim entered into or incurred by the board of trustees on behalf of the West Virginia graduate college is hereby undertaken by the board of trustees on behalf of Marshall university. (1996, c. 119; 1997, c. 85.)

Effect of amendment of 1997. — The amendment, effective July 1, 1997, rewrote the section.

§ 18B-1-9. Powers and duties of institutional presidents.

Except as is otherwise provided by law or rule, the president or other administrative head of each state institution of higher education shall exercise all the duties and powers conferred by law in the government of the institution under such person's management and control and, subject to review by the appropriate governing board, shall have the authority and responsibility for overseeing the routine matters of the institution, which include, but are not limited to, travel approval, sabbaticals, budget oversight and special student

fees. The president or other administrative head shall assist the chancellors in developing or evaluating policy options for the governing boards, but not both developing and evaluating for the same policy, and may propose policy options for consideration by their governing board. The president or other administrative head of each state institution of higher education shall also be responsible for seeking community advice on academic or other programs. (1989, c. 64.)

§ 18B-1-10.

Repealed by Acts 1993, c. 47.

Editor's notes. — Former § 18B-1-10 (enacted by Acts 1989, c. 64) concerning the task force on faculty salaries and resource allocation, was repealed by Acts 1993, c. 47.

§ 18B-1-11. Colleges and universities to provide appropriate services to meet needs of students with handicapping conditions.

Each state funded institution of higher education accepting students with handicapping conditions, such as physical, learning, or severe sensory disabilities, shall provide services in accordance with Rehabilitation Act 504 appropriate to meet the educational needs of these students. Such information shall be provided to local boards of education for information dissemination to students and parents to fulfill the goals of transition. (1990, 1st Ex. Sess., c. 2.)

Editor's notes. — Rehabilitation Act 504 is part of the Rehabilitation Act of 1973, which is codified at 29 U.S.C. § 701 et seq.

ARTICLE 2.

UNIVERSITY OF WEST VIRGINIA BOARD OF TRUSTEES.

Sec.
18B-2-1. Composition of board; terms and qualifications of members; vacancies; eligibility for reappointment; oath of office; removal from office.
18B-2-2. Meetings and compensation.
18B-2-3. Additional duties of board of trustees.
18B-2-4. [Repealed.]
18B-2-5. Establishment and operation of a state school of osteopathic medicine; authority and duty to purchase property, expend appropriations and conduct programs of the West Virginia School of Osteopathic Medicine.
18B-2-6. Health sciences education; legislative findings and intent.
18B-2-7. Authorization to sell all or part of Potomac State College of West Virginia University parcels of land located in New Creek and Keyser commonly known as the Potomac State College Farm listed on the public lands inventory as 1PSC6. PSC Parcel No. 6, 1PSC14. PSC Parcel No. 14 and 1PSC16. PSC Parcel No. 16.
18B-2-8. Consortium of comprehensive child development centers; establishment and operation of a consortium of comprehensive child development centers.
18B-2-9. West Virginia University institute of technology.

§ 18B-2-1. Composition of board; terms and qualifications of members; vacancies; eligibility for reappointment; oath of office; removal from office.

(a) The board of trustees shall consist of seventeen persons, of whom one shall be the chancellor of the board of directors of the state college system, ex officio, who shall not be entitled to vote; one shall be the state superintendent of schools, ex officio, who shall not be entitled to vote; one shall be the chairman of the advisory council of students, ex officio, who shall be entitled to vote; one shall be the chairman of the advisory council of faculty, ex officio, who shall be entitled to vote; and one shall be the chairman of the advisory council of classified employees, ex officio, who shall be entitled to vote. The other twelve trustees shall be citizens of the state, appointed by the governor, by and with the advice and consent of the Senate.

Each of the trustees appointed to the board by the governor shall represent the public interest and shall be especially qualified in the field of higher education by virtue of the person's knowledge, learning, experience or interest in the field.

Except for the ex officio trustees, no person shall be eligible for appointment to membership on the board of trustees who is an officer, employee or member of an advisory board of any state college or university, an officer or member of any political party executive committee, the holder of any other public office or public employment under the government of this state or any of its political subdivisions or an appointee or employee of the board of trustees or the board of directors: Provided, That if there are no ethical restrictions under state or federal law, a federal employee may serve as a member of the board of trustees. Of the twelve trustees appointed by the governor from the public at large, not more than six thereof shall belong to the same political party and at least two trustees shall be appointed from each congressional district.

Except as provided in this section, no other person may be appointed to the board.

(b) The governor shall appoint twelve trustees as soon after the first day of July, one thousand nine hundred eighty-nine, as is practicable, and the original terms of all trustees shall commence on that date.

The terms of the trustees appointed by the governor shall be for overlapping terms of six years, except, of the original appointments, four shall be appointed to terms of two years, four shall be appointed to terms of four years and four shall be appointed to terms of six years. Each subsequent appointment which is not for the purpose of filling a vacancy in an unexpired term shall be for a term of six years.

The governor shall appoint a trustee to fill any vacancy among the twelve trustees appointed by the governor, by and with the advice and consent of the Senate, which trustee appointed to fill such vacancy shall serve for the unexpired term of the vacating trustee. The governor shall fill the vacancy within sixty days of the occurrence of the vacancy.

All trustees appointed by the governor shall be eligible for reappointment: Provided, That a person who has served as a trustee or director during all or

any part of two consecutive terms shall be ineligible to serve as a trustee or director for a period of three years immediately following the second of the two consecutive terms.

The chairman of the advisory council of students, ex officio; the chairman of the advisory council of faculty, ex officio; and the chairman of the advisory council of classified employees, ex officio, shall serve the terms for which they were elected by their respective advisory councils. These members shall be eligible to succeed themselves.

(c) Before exercising any authority or performing any duties as a trustee, each trustee shall qualify as such by taking and subscribing to the oath of office prescribed by section five, article IV of the constitution of West Virginia, and the certificate thereof shall be filed with the secretary of state.

(d) No trustee appointed by the governor shall be removed from office by the governor except for official misconduct, incompetence, neglect of duty or gross immorality, and then only in the manner prescribed by law for the removal of the state elective officers by the governor. (1989, c. 64; 1993, c. 47.)

§ 18B-2-2. Meetings and compensation.

(a) The board of trustees shall hold at least ten meetings in every fiscal year, including an annual meeting each June: Provided, That an annual meeting for the purpose of selecting the first chairman shall be held during July, one thousand nine hundred eighty-nine. Except for the annual meeting, which may be held at a location anywhere in the state, the said meetings shall be held on different campuses of institutions in the university system on a rotating basis or at the central office. The board of trustees may set aside time at the meetings at the campuses to afford administrators, faculty, students and classified staff at the institution an opportunity to discuss issues affecting these groups. The board of trustees shall hold at least one meeting each year with the advisory council of faculty, the advisory council of students, and the advisory council of classified employees, each of these bodies to be met with separately. Except as otherwise provided in this section, meetings shall be held on such dates and at such places as the trustees may prescribe. In addition to the statutorily required meetings, the trustees may meet at such other times as may be necessary, such meetings to be held upon its own resolution or at the written request of at least three appointed trustees.

Of the fifteen voting members of the board of trustees, eight shall constitute a quorum, and a majority vote of the quorum shall be necessary to pass upon matters before the trustees.

(b) The trustees shall be reimbursed for actual and necessary expenses incident to the performance of such duties upon presentation of an itemized sworn statement thereof. The foregoing reimbursement for actual and necessary expenses shall be paid from appropriations made by the Legislature to the trustees. (1989, c. 64.)

§ 18B-2-3. Additional duties of board of trustees.

(a) The trustees shall govern the university of West Virginia. The trustees shall develop a master educational plan for the university system in the state,

establish research policies for the several institutions within the university system and shall oversee graduate, professional and medical education at the appropriate institutions of higher education under their jurisdiction to the end of avoiding duplication in advanced study, specialty institutes and research.

(b) The board of trustees shall adopt a faculty salary program with an overall goal of attaining salaries equal to the average faculty salaries within similar groups of disciplines and program levels at comparable peer institutions within member states of the southern regional educational board Four-Year 1 at West Virginia university; Four-Year 3 at Marshall university; and appropriate levels at the West Virginia graduate college, Potomac state college of West Virginia university, West Virginia university at Parkersburg and the school of osteopathic medicine as determined by the board of trustees. It is the intent of the Legislature, limited by the extent of appropriations provided specifically therefor, to provide the board of trustees with sufficient funds to meet this goal by fiscal year one thousand nine hundred ninety-six. (1989, c. 64; 1993, c. 47.)

§ 18B-2-4.

Repealed by Acts 1997, c. 85.

Editor's notes. — Former § 18B-2-4 (enacted by Acts 1989, c. 64 and amended by Acts 1992, c. 61), pertaining to the establishment and operation of a graduate college at the Kanawha Valley Graduate Center of West Virginia University, was repealed by Acts 1997, c. 85, effective July 1, 1997.

§ 18B-2-5. Establishment and operation of a state school of osteopathic medicine; authority and duty to purchase property, expend appropriations and conduct programs of the West Virginia School of Osteopathic Medicine.

The board of trustees shall operate and maintain the state school of osteopathy, known as the "West Virginia School of Osteopathic Medicine" and located in Lewisburg, Greenbriar County, as previously established by the board of regents, as a part of the University of West Virginia as defined in section two [§ 18B-1-2], article one of this chapter. The title to all the real property and all facilities and equipment of the West Virginia School of Osteopathic Medicine and the previously existing Greenbriar College of Osteopathic Medicine, located at Lewisburg, Greenbriar County, shall be and remain vested in the board of trustees. The title to any such property originally acquired by or vested in the name of the board of regents is hereby transferred to and shall remain vested in the board of trustees.

The board of trustees shall employ a president and such staff and faculty as determined appropriate for the school, appoint an advisory board consistent with section one [§ 18B-6-1], article six of this chapter and exercise general determination, control, supervision and management of the financial, business and educational policies and affairs of the school of osteopathic medicine.

The school shall be authorized to offer such curricula, programs, courses and services and confer such degrees as may be approved by the board of trustees. The board of trustees shall fix tuition and establish and set other fees to be charged students as it deems appropriate, including the establishment of special fees for specific purposes. Special fees shall be paid into special funds and be used only for the purposes for which said fees were collected.

The board of trustees shall expend from the appropriations allocated for the West Virginia School of Osteopathic Medicine such funds as are necessary for the operation and conduct of programs, the acquisition of clear title to the property of the Greenbriar College of Osteopathic Medicine, and for necessary capital improvements. The title to all property purchased for the use of the West Virginia School of Osteopathic Medicine shall be vested in the board of trustees.

The board of trustees is authorized to enter into contracts on behalf of the West Virginia School of Osteopathic Medicine with public and private educational institutions, agencies and boards, with governmental agencies and with corporations, partnerships, and individuals for the performance of instructional or other services.

The board of trustees is hereby specifically authorized to contract with the West Virginia anatomical board and the West Virginia anatomical board is hereby specifically authorized to contract with the board of trustees on behalf of the West Virginia School of Osteopathic Medicine for the requisition, use, disposition and control of any body as may come under the authority of the anatomical board: Provided, That such body be used exclusively for educational purposes of the West Virginia School of Osteopathic Medicine.

The board of trustees is further authorized to contract with any other person, corporation or entity for the purchase of cadavers for educational purposes at the West Virginia School of Osteopathic Medicine, notwithstanding any provision of law to the contrary. (1989, c. 64.)

§ 18B-2-6. Health sciences education; legislative findings and intent.

(a) The Legislature hereby finds and declares that the higher education accountability report card for health sciences education as provided for in section eight-a [§ 18B-1-8a], article one of this chapter shall serve as a basis for the accountability and coordination of health sciences education in this state. The Legislature further finds that the preparation of such report card would best be supervised by a vice chancellor for health sciences who is not the director of health and who has the assistance of the staff of each state institution of higher education with health sciences programs.

(b) The Legislature further finds and declares that adequate funding will be pursued to maintain the accreditation, integrity and quality of medical education and other health sciences programs in West Virginia. (1991, c. 62.)

§ 18B-2-7. Authorization to sell all or part of Potomac State College of West Virginia University parcels of land located in New Creek and Keyser commonly known as the Potomac State College Farm listed on the public lands inventory as 1PSC6. PSC Parcel No. 6, 1PSC14. PSC Parcel No. 14 and 1PSC16. PSC Parcel No. 16.

(a) The board of trustees is hereby authorized and empowered to sell those parcels of land located on New Creek and Keyser Districts, Mineral County, West Virginia, commonly known as the Potomac State College Farm and listed on the Potomac State College index description of parcel use and list of parcels of lands and on the public lands inventory as: (1) 1PSC6. PSC Parcel No. 6, containing approximately 223.17 acres, (2) 1PSC14. PSC Parcel No. 14, containing approximately 8.25 acres and (3) 1PSC16. PSC Parcel No. 16, containing approximately 180.6 acres.

(b) Each parcel may be subdivided and sold in parts; however, all sales shall be accomplished through public auction, the terms of which shall be to achieve the highest price for such parcels whether in whole or in part: Provided, That prior to such action the board of trustees shall have the properties appraised separately by two licensed appraisers and shall not sell the property for less than the average of the appraisals: Provided, however, That in the event of sale of all or part to the government of the United States of America, public auction shall not be required and sale price may be negotiated at or above the average of two separate valuations by licensed appraisers.

(c) Prior to public auction, the board of trustees shall schedule a public hearing to be held at a reasonable time and place within the county to allow interested members of the public to attend the hearing without undue hardship. Members of the public may be present, submit statements and testimony and question the college's representative appointed pursuant to this subsection. The board of trustees shall cause to be published a notice of the required public hearing. The notice shall be published as a Class II legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this code and the publication area shall be the county in which the affected land is located. The public hearing shall be held no earlier than the fourteenth successive day following the first publication of the notice. The notice shall contain the time and place of the public hearing along with a brief description of the affected land. In addition thereto, the board of trustees shall cause a copy of the required notice to be posted in a conspicuous place at the affected land for members of the public to observe. Such notice shall remain posted for two successive weeks prior to the date of the public hearing. The board of trustees shall appoint a representative of the college who shall conduct the required public hearing. The college's representative shall have full knowledge of all the facts and circumstances surrounding the proposed sale.

(d) The proceeds from the sale of the property referred to shall be deposited in a special revenue account from which the board of trustees is hereby

authorized to expend the fund for horticulture, agriculture and forestry facilities and programs at Potomac State College of West Virginia University: Provided, That the prioritized recommendations of the agriculture department advisory committee shall be considered by the agriculture department faculty and president of the college in the expenditure of the proceeds: Provided, however, That the advisory committee shall include one member each representing agricultural education, animal or dairy science, forestry, horticulture, and veterinary medicine, of which three shall be alumni of the agriculture department at the college. (1992, c. 61.)

§ 18B-2-8. Consortium of comprehensive child development centers; establishment and operation of a consortium of comprehensive child development centers.

(a) There is hereby established a consortium of comprehensive child development centers under the auspices of the board of trustees and under the direction and administration of the vice chancellor for health sciences. The goals of the consortium include, but are not limited to:

(1) Recommending a comprehensive diagnostic and technical support system to assist faculty and students in providing educational programs for students with disabilities;

(2) Providing a system for the comprehensive interdisciplinary diagnosis, treatment and follow-up of children and young adults with special needs and their families;

(3) Offering programs for the training of parents and families;

(4) Creating significant links between disciplines, departments, schools, colleges, universities and agencies;

(5) Providing all services (clinical, training, technical assistance and consultation) at child development centers and at strategically planned outreach sites, including institutions of higher education;

(6) Planning and implementing a statewide system of care for children with special needs and their families;

(7) Providing family-centered, community-based, culturally sensitive, coordinated care;

(8) Assuring interdisciplinary, interagency cooperation;

(9) Linking community-based health and educational services with institutions of higher education;

(10) Establishing a statewide comprehensive diagnostic support team and advisory boards at each center composed of agency representatives, physicians, education providers, center personnel, parents and others; and

(11) Facilitating significant parent and family participation, including parents as members of the statewide team and representing a majority of the membership of each center's advisory boards.

(b) Subject to appropriations by the Legislature, the board of trustees is authorized and directed to establish at least four comprehensive child development sites at existing university health science centers located at

Morgantown, Charleston, Huntington and Lewisburg. Planning of at least these four centers and the establishment of advisory boards shall be completed by the first day of July, one thousand nine hundred ninety-three. The board of trustees shall establish at least these four sites prior to the first day of January, one thousand nine hundred ninety-four.

The board of trustees may enter into a contractual relationship with each child development center, which shall be in accordance with laws that apply to publicly funded partnerships with private, nonprofit entities and the provisions of section three [§ 18B-5-3], article five of this chapter. (1993, c. 47.)

§ 18B-2-9. West Virginia University institute of technology.

(a) Notwithstanding any other provisions of this code to the contrary, the authority to establish, maintain and operate West Virginia institute of technology is hereby transferred to the board of trustees effective the first day of July, one thousand nine hundred ninety-six. West Virginia institute of technology shall henceforth be known as West Virginia university institute of technology and shall be operated as a regional campus of West Virginia university under the same procedures, policies, rules and practices utilized by West Virginia university and the board of trustees in operating West Virginia university at Parkersburg and Potomac state college of West Virginia university.

(b) Notwithstanding any other provisions of this code to the contrary and notwithstanding the resource allocation policy of the board of trustees, in allocating funds to the institutions under its jurisdiction, the board of trustees, through the first day of July, two thousand one, shall ensure that each institution receives no less than the amount of funds that each institution would have received if West Virginia institute of technology had not been transferred to the jurisdiction of the trustees.

(c) Title to all property previously transferred to or vested in the board of directors for the exclusive use or benefit of West Virginia institute of technology is hereby transferred to the board of trustees. Each valid agreement, obligation or claim entered into or incurred by the board of directors on behalf of West Virginia institute of technology is hereby transferred to the board of trustees.

(d) Revenues of West Virginia institute of technology previously pledged to pay off the indebtedness of revenue bonds issued by the board of directors shall continue to be paid to the board of directors until the existing debt is fully paid. An annual payment of three hundred seventy-three thousand eighty-nine dollars for each of the years remaining on the present system bond issue of the board of directors shall constitute the debt of West Virginia university institute of technology to the board of directors under this subsection. If the board of directors approves, the board of trustees or West Virginia university institute of technology may discharge this indebtedness through alternative payment plans or methods, including prepayment discounted appropriately.

(e) To compensate the other state college institutions for the amount that would have been reallocated under the resource allocation policy of the board

of directors if West Virginia institute of technology had remained under the jurisdiction of the board of directors, West Virginia university institute of technology shall transfer two hundred eighty-four thousand five-hundred twenty-five dollars to the board of directors for each of the fiscal years one thousand nine hundred ninety-six—ninety-seven, one thousand nine hundred ninety-seven—ninety-eight, and one thousand nine hundred ninety-eight—ninety-nine.

(f) West Virginia university institute of technology shall retain the same or a lower type of southern regional education board classification as an institution until at least the first day of July, two thousand.

(g) Until at least the first day of July, one thousand nine hundred ninety-seven, West Virginia university institute of technology shall retain the same promotion and tenure process in place prior to the transfer effectuated by this section.

(h) For the purposes of meeting the requirements of section one [§ 18B-7-1], article seven of this chapter, West Virginia university institute of technology, West Virginia university at Parkersburg, and Potomac state college of West Virginia university shall be considered separate institutions of higher education.

(i) Any new moneys appropriated to or received by West Virginia university institute of technology shall be allocated to West Virginia university institute of technology under the policies of the board of trustees.

It is the intent of the Legislature in implementing the merger of West Virginia university and West Virginia institute of technology that new graduate programs offered by West Virginia university at the West Virginia university institute of technology will not duplicate existing graduate programs currently offered by Marshall university and the West Virginia graduate college. Before any graduate programs are offered by West Virginia university at the West Virginia university institute of technology, they must be approved by the board of trustees. (1996, c. 119.)

ARTICLE 3.

BOARD OF DIRECTORS OF THE STATE COLLEGE SYSTEM.

Sec.
18B-3-1. Composition of board; terms and qualifications of members; vacancies; eligibility for reappointment; oath of office; removal from office.
18B-3-2. Meetings and compensation.
18B-3-3. Additional duties of board of directors.
18B-3-3a. Community and technical college education; establishment; state level governance; formation of districts; college level administration and governance; programs; district consortia; implementation process; and implementation team.
18B-3-4. Community and technical colleges; tuition and fees; memoranda of agreements; and joint administrative boards.
18B-3-5. Permits required for correspondence, business, occupational and trade schools; surety bonds and fees; issuance, renewal and revocation of permit; reports; rules; penalty and enforcement.